SENATE SUBSTITUTE

FOR

SENATE BILL NO. 190

AN ACT

To repeal section 135.800, RSMo, and to enact in lieu thereof five new sections relating to tax credits.

Be it enacted by the General Assembly of the State of Missouri, as follows:

Section A. Section 135.800, RSMo, is repealed and five new sections enacted in lieu thereof, to be known as sections 135.005, 135.800, 135.1210, 348.273, and 348.274, to read as follows:

135.005. 1. For the purposes of this section, the following terms shall mean:

(1) "Compensation":

(a) Payments in the form of contract labor for which the payer is required to provide a federal tax form 1099 to the person paid;

(b) Wages that are subject to withholding tax imposed under sections 143.191 to 143.265 and paid to a part-time employee or full-time employee; and

(c) Any other salary or other remuneration.

"Compensation" shall not include employer-provided retirement, medical or health care benefits, reimbursement for travel, meals, lodging, or any other expense;

(2) "Department", the Missouri department of economic development;

(3) "Qualified employer", a sole proprietorship, general partnership, limited partnership, limited liability company, corporation, other legally recognized business entity, or public entity registered to do business in this state and whose principal business activity involves the engineering sector;

(4) "Qualified institution", any public or private institution of higher education that is accredited by a regional accrediting body or the engineering accreditation commission of the accreditation board for engineering and technology (ABET);

(5) "Qualified program":

(a) A program that has been accredited by the engineering accreditation commission of the accreditation board for engineering and technology (ABET) or a regional accrediting body and that awards an undergraduate or graduate degree in engineering; or

(b) A program that results in the awarding of a degree or certificate that prepares the graduate for gainful employment with a qualified employer;

(6) "Qualified worker", any person newly employed on a full-time basis by or first contracting with a qualified employer on a full-time basis on or after January 1, 2026, who has been awarded an undergraduate or graduate degree, or a technical degree or certificate from a qualified program by a qualified institution;

(7) "State tax liability", any liability incurred by a taxpayer pursuant to the provisions of chapter 143, exclusive of the provisions relating to the withholding of tax as provided for in sections 143.191 to 143.265 and related provisions;

(8) "Tax credit", a credit against the tax otherwise due under chapter 143, excluding withholding tax imposed under sections 143.191 to 143.265;

(9) "Taxpayer", any individual or qualified employer, as defined under this section, subject to the state income tax imposed under chapter 143, excluding the withholding tax imposed under sections 143.191 to 143.265;

(10) "Tuition", the amount paid for enrollment, program specific course fees, and instruction in a qualified program that includes both amounts paid during participation in a qualified program or tuition debt upon completion of a qualified program. "Tuition" shall not include the cost of books, fees other than program specific course fees, or room and board.

2. (1) For all tax years beginning on or after January 1, 2026, a qualified employer shall be allowed a tax credit against the qualified employer's state tax liability for tuition reimbursed to a qualified worker.

(2) The tax credit may be claimed only if the qualified worker has been awarded an undergraduate or graduate degree or technical degree or certificate from a qualified program within one year prior to or following the commencement of employment with a qualified employer, and may be claimed each year thereafter that the qualified worker remains employed or under contract up to the fourth year of such employment or contract.

(3) The tax credit shall be in an amount equal to fifty percent of the tuition reimbursed to a qualified worker during the tax year for which the tax credit is claimed, except that in no event shall the tax credit exceed fifty percent of the average annual amount paid by a qualified worker for enrollment and instruction in a qualified program, as determined by the department.

(4) The tax credit shall be applied against the qualified employer's state tax liability after all other tax credits have been applied. Tax credits authorized by this subsection shall not be transferred, sold, or assigned, and shall not be refundable or carried forward to any other tax year.

3. (1) For all tax years beginning on or after January 1, 2026, a qualified employer shall be allowed a tax credit against the qualified employer's state tax liability for compensation paid during the tax year to a qualified worker. The tax credit may be allowed for the first through fifth consecutive years of employment or contract of the qualified worker. For qualified workers who received an undergraduate or graduate degree or technical degree or certificate from a qualified program awarded by a qualified institution, the tax credit amount shall be equal to ten percent of the compensation paid.

(2) Tax credits authorized by this subsection shall not exceed fifteen thousand dollars for any single qualified worker in any given tax year and shall not exceed a total of seventy-five thousand dollars for any single qualified worker.

(3) The tax credit shall be applied against the qualified employer's state tax liability after all other tax credits have been applied. Tax credits authorized by this subsection shall not be transferred, sold, or assigned and shall not be refundable or carried forward to any other tax year.

(4) No tax credit shall be claimed for compensation paid to a qualified worker after the fifth year of employment of the qualified worker or the fifth year of the worker's contract.

4. (1) For all tax years beginning on or after January 1, 2026, a taxpayer who becomes a qualified worker during the tax year shall be allowed a tax credit against the taxpayer's state tax liability in an amount equal to two thousand five hundred dollars. The tax credit may be claimed each year the taxpayer achieves the status of a qualified worker for five consecutive tax years beginning

with the tax year in which the taxpayer becomes a qualified worker. No taxpayer shall claim tax credits pursuant to this subsection that exceed a total of twelve thousand five hundred dollars.

(2) Tax credits authorized by this subsection shall not be transferred, sold, or assigned, and shall not be refundable, but may be carried forward to subsequent tax years, provided that a tax credit shall not be carried forward beyond the fourth tax year succeeding the tax year in which the taxpayer initially claimed the tax credit.

5. The tax credit authorized by this section shall be considered a training and educational tax credit, as defined under section 135.800, and shall be subject to the provisions of section 135.800 to 135.830.

6. (1) The department may adopt rules and regulations necessary or convenient for the implementation and administration of this section. Any rule or portion of a rule, as that term is defined in section 536.010, that is created under the authority delegated in this section shall become effective only if it complies with and is subject to all of the provisions of chapter 536 and, if applicable, section 536.028. This section and chapter 536 are nonseverable and if any of the powers vested with the general assembly pursuant to chapter 536 to review, to delay the effective date, or to disapprove and annul a rule are subsequently held unconstitutional, then the grant of rulemaking authority and any rule proposed or adopted after August 28, 2025, shall be invalid and void.

(2) The department shall annually submit a written report to the general assembly containing information regarding the cost and effectiveness of the provisions of this section. The department also may include in the report

any recommendations for changes to state law necessary to implement the provisions of this section.

7. Under section 23.253 of the Missouri sunset act:

(1) The program authorized pursuant to this section shall automatically sunset on December 31, 2031, unless reauthorized by an act of the general assembly; and

(2) If such program is reauthorized, the program authorized pursuant to this section shall automatically sunset twelve years after the effective date of the reauthorization; and

(3) This section shall terminate on September first of the calendar year immediately following the calendar year in which the program authorized pursuant to this section is sunset; and

(4) The provisions of this subsection shall not be construed to limit or in any way impair the department's ability to redeem tax credits authorized on or before the date the program authorized pursuant to this section expires, or a taxpayer's ability to redeem such tax credits.

135.800. 1. The provisions of sections 135.800 to 135.830 shall be known and may be cited as the "Tax Credit Accountability Act of 2004".

2. As used in sections 135.800 to 135.830, the following terms mean:

(1) "Administering agency", the state agency or department charged with administering a particular tax credit program, as set forth by the program's enacting statute; where no department or agency is set forth, the department of revenue;

(2) "Agricultural tax credits", the agricultural product utilization contributor tax credit created pursuant to section 348.430, the new generation cooperative incentive tax credit created pursuant to section 348.432, the family

farm breeding livestock loan tax credit created under section 348.505, the qualified beef tax credit created under section 135.679, and the wine and grape production tax credit created pursuant to section 135.700;

(3) "Business recruitment tax credits", the business facility tax credit created pursuant to sections 135.110 to 135.150 and section 135.258, the enterprise zone tax benefits created pursuant to sections 135.200 to 135.270, the business use incentives for large-scale development programs created pursuant to sections 100.700 to 100.850, the development tax credits created pursuant to sections 32.100 to 32.125, the rebuilding communities tax credit created pursuant to section 135.535, the film production tax credit created pursuant to section 135.750, the enhanced enterprise zone created pursuant to sections 135.950 to 135.970, and the Missouri quality jobs program created pursuant to sections 620.1875 to 620.1900;

(4) "Community development tax credits", the neighborhood assistance tax credit created pursuant to sections 32.100 to 32.125, the family development account tax credit created pursuant to sections 208.750 to 208.775, the dry fire hydrant tax credit created pursuant to section 320.093, and the transportation development tax credit created pursuant to section 135.545;

(5) "Domestic and social tax credits", the youth opportunities tax credit created pursuant to section 135.460 and sections 620.1100 to 620.1103, the shelter for victims of domestic violence or rape crisis center tax credit created pursuant to section 135.550, the senior citizen or disabled person property tax credit created pursuant to sections 135.010 to 135.035, the adoption tax credit created pursuant to sections 135.325 to 135.339, the champion for children tax credit created pursuant to section 135.341, the

maternity home tax credit created pursuant to section 135.600, the surviving spouse tax credit created pursuant to section 135.090, the residential treatment agency tax credit created pursuant to section 135.1150, the pregnancy resource center tax credit created pursuant to section 135.630, the food pantry tax credit created pursuant to section 135.647, the residential dwelling access tax credit created pursuant to section 135.562, the developmental disability care provider tax credit created under section 135.1180, the shared care tax credit created pursuant to section 192.2015, the health, hunger, and hygiene tax credit created pursuant to section 135.1125, and the diaper bank tax credit created pursuant to section 135.621;

(6) "Entrepreneurial tax credits", the capital tax credit created pursuant to sections 135.400 to 135.429, the certified capital company tax credit created pursuant to sections 135.500 to 135.529, the seed capital tax credit created pursuant to sections 348.300 to 348.318, the new enterprise creation tax credit created pursuant to sections 620.635 to 620.653, the research tax credit created pursuant to section 620.1039, the small business incubator tax credit created pursuant to section 620.495, the guarantee fee tax credit created pursuant to section 135.766, and the new generation cooperative tax credit created pursuant to sections 32.105 to 32.125;

(7) "Environmental tax credits", the charcoal producer tax credit created pursuant to section 135.313, the wood energy tax credit created pursuant to sections 135.300 to 135.311, and the alternative fuel stations tax credit created pursuant to section 135.710;

(8) "Financial and insurance tax credits", the bank franchise tax credit created pursuant to section 148.030, the bank tax credit for S corporations created pursuant to

section 143.471, the exam fee tax credit created pursuant to section 148.400, the health insurance pool tax credit created pursuant to section 376.975, the life and health insurance guaranty association tax credit created pursuant to section 376.745, the property and casualty guaranty association tax credit created pursuant to section 375.774, and the self-employed health insurance tax credit created pursuant to section 143.119;

(9) "Housing tax credits", the neighborhood preservation tax credit created pursuant to sections 135.475 to 135.487, the low-income housing tax credit created pursuant to sections 135.350 to 135.363, and the affordable housing tax credit created pursuant to sections 32.105 to 32.125;

(10) "Recipient", the individual or entity who both:

(a) Is the original applicant for a tax credit; and

(b) Who directly receives a tax credit or the right to transfer a tax credit under a tax credit program, regardless as to whether the tax credit has been used or redeemed; a recipient shall not include the transferee of a transferable tax credit;

(11) "Redevelopment tax credits", the historic preservation tax credit created pursuant to sections 253.545 to 253.559, the brownfield redevelopment program tax credit created pursuant to sections 447.700 to 447.718, the community development corporations tax credit created pursuant to sections 135.400 to 135.430, the infrastructure tax credit created pursuant to subsection 6 of section 100.286, the bond guarantee tax credit created pursuant to section 100.297, the disabled access tax credit created pursuant to section 135.490, the new markets tax credit created pursuant to section 135.680, and the distressed

areas land assemblage tax credit created pursuant to section 99.1205;

(12) "Tax credit program", any of the tax credit programs included in the definitions of agricultural tax credits, business recruitment tax credits, community development tax credits, domestic and social tax credits, entrepreneurial tax credits, environmental tax credits, housing tax credits, redevelopment tax credits, and training and educational tax credits;

(13) "Training and educational tax credits", the Missouri works new jobs tax credit and Missouri works retained jobs credit created pursuant to sections 620.800 to 620.809 and the engineering workforce development tax credit created under section 135.005.

135.1210. 1. As used in this section, the following terms mean:

(1) "Eligible customer", a person who uses any railroad or railroad-related property, facilities, or structures located wholly or partly within the state of Missouri to directly or indirectly transport property, commodities, or goods, or who is served by any railroad, or who stores railcars on any railroad in Missouri;

(2) "Eligible taxpayer":

(a) Any short line railroad company located wholly or partly in the state of Missouri that is classified by the United States Surface Transportation Board as a Class II or Class III railroad; or

(b) Any owner or lessee of a rail siding, industrial spur, or industry track located on or adjacent to any railroad in the state of Missouri;

and subject to the state income tax imposed under chapter 143, 147, or 148, excluding the withholding tax imposed under sections 143.191 to 143.265, who made qualified railroad track expenditures in Missouri or qualified new rail infrastructure expenditures in Missouri during the tax year for which a credit under this section is claimed;

(3) "Eligible vendor", a person who provides railroad-related services directly to an eligible taxpayer;

(4) "Person", the same meaning as defined under section 1.020;

(5) "Qualified amount", for any eligible taxpayer in a given tax year, an amount equal to fifty percent of an eligible taxpayer's qualified railroad track expenditures or qualified new rail infrastructure expenditures, provided that:

(a) For qualified railroad track expenditures, the amount of tax credit shall not exceed an amount equal to the product of five thousand dollars multiplied by the number of miles of railroad track owned or leased in the state by a Class II or Class III railroad as of the close of the tax year; and

(b) For qualified new rail infrastructure expenditures, the amount of tax credit shall not exceed one million dollars for each new rail-served customer project of an eligible taxpayer;

(6) "Qualified new rail infrastructure expenditures", gross expenditures for new rail infrastructure by an eligible taxpayer, which includes the construction of new track infrastructure such as industrial leads, switches, spurs, sidings, rail loading docks, and transloading structures involved with servicing new customer locations or expansions by any railroad located in Missouri;

(7) "Qualified railroad expenditures", gross expenditures for maintenance, reconstruction, or replacement of railroad infrastructure, including track, roadbed, bridges, industrial leads and sidings, and track-related

structures owned or leased by a Class II or Class III railroad located in Missouri. "Qualified railroad expenditures" does not include expenditures used to generate a federal tax credit or expenditures funded by a state or federal grant;

(8) "Railroad-related services", includes, but is not limited to, the following: transport of freight by rail; loading and unloading of freight transported by rail; railroad bridge services; railroad track construction; provision of railroad track material or equipment; locomotive or freight train car leasing or rental; provision of railroad financial services, including banking or insurance; maintenance of a railroad's right-of-way, including vegetation control; and freight train car repair, rehabilitation, or remanufacturing repair services;

(9) "Tax credit", a credit against the tax otherwise due under chapter 143, 147, or 148, excluding withholding tax imposed under sections 143.191 to 143.265.

2. For all tax years beginning on or after January 1, 2026, an eligible taxpayer shall be allowed to claim a nonrefundable tax credit for qualified railroad track expenditures in Missouri or for qualified new rail infrastructure expenditures in Missouri against the taxpayer's state tax liability in an amount equal to the taxpayer's qualified amount.

3. An eligible taxpayer who seeks to claim a tax credit under this section shall submit a certificate of eligibility to the Missouri department of economic development after completion of the qualified railroad expenditures or qualified new rail infrastructure expenditures. The certificate shall include the number of miles of railroad track owned or leased in this state and a description of the amount of qualified railroad expenditures

or qualified new rail infrastructure expenditures completed. The certificate shall be made on forms and in the manner prescribed by the department and considered in the order received.

4. If the department of economic development determines that the taxpayer meets the requirements to claim a tax credit under this section, the department may issue a certificate of eligibility to the eligible taxpayer. The certificate shall be numbered for identification and declare its date of issuance and the amount of the tax credit allowed under this section.

5. (1) The cumulative amount of tax credits under this section authorized for qualified railroad track expenditures in this state shall not exceed four million five hundred thousand dollars per calendar year. If the amount of tax credits claimed in a calendar year under this section exceeds four million five hundred thousand dollars, tax credits shall be allowed based on the order in which they are claimed.

(2) The cumulative amount of tax credits under this section authorized for qualified new rail infrastructure expenditures in this state shall not exceed ten million dollars per calendar year. If the amount of tax credits claimed in a calendar year under this section exceeds ten million dollars, tax credits shall be allowed based on the order in which they are claimed.

6. Any unused portion of a tax credit allowed under this section may be carried forward for up to five subsequent tax years immediately following the tax year the credit was allowed.

7. (1) Subject to the requirements of this subsection, an eligible taxpayer who earns and is entitled to the credit or to an unused portion of the credit allowed

by this section may transfer all or a portion of the unused credit by written agreement to any eligible customer, eligible vendor, or any taxpayer subject to tax imposed under chapter 143, 147, or 148, excluding withholding tax imposed under sections 143.191 to 143.265, at any time during the year in which the credit is earned and the five years following the year of the qualified expenditures. The taxpayer originally allowed the tax credit and the subsequent transferee shall jointly file a copy of the written credit transfer agreement with the department of revenue. The agreement shall include the name, address, and taxpayer identification number of the parties to the transfer; the amount of the credit being transferred; the year the credit was originally allowed to the transferring taxpayer; and the tax year or years for which the credit may be claimed. In the event of such a transfer, the transferee may claim the credit on the transferee's income tax return originally filed during the calendar year in which the transfer takes place and in the case of carryover of the credit, on the transferee's returns for the number of years of carryover available to the transferor at the time of the transfer unless earlier exhausted.

(2) In the event that after the transfer the department of revenue determines that the amount of credit properly available under this section is less than the amount claimed by the transferor of the credit or that the credit is subject to recapture, the department shall assess the amount of overstated or recaptured credit as taxes due from the transferor and not the transferee. The assessment shall be made in the manner provided for a deficiency in taxes under state law.

8. The department of economic development shall prepare an annual report for the general assembly outlining

tax credit transfers that take place each calendar year, listing the qualified railroad expenditures and qualified new rail infrastructure expenditures for each eligible taxpayer and a statement summarizing the investments made by the eligible taxpayer.

9. The department of economic development may promulgate rules governing the allowance of the income tax credit provided for in this section, including provisions for the verification of the timeliness of a claim, the process and documentation required for the department of economic development to approve an income tax credit for qualified railroad expenditures or qualified new rail infrastructure expenditures, and any documentation that the department of economic development requires in order to determine that an eligible taxpayer, eligible customer, or eligible vendor meets the requirements of this section. In addition to other needed rules, the department of economic development may promulgate rules prescribing, in the case of S corporations, partnerships, trusts, or estates, a method of attributing the credit under this section to the shareholders, partners, or beneficiaries in proportion to their share of the income from the S corporation, partnership, trust, or estate.

10. The department of revenue and the department of economic development shall promulgate all necessary rules and regulations for the administration of this section including, but not limited to, rules relating to the verification of a taxpayer's qualified amount. Any rule or portion of a rule, as that term is defined in section 536.010, that is created under the authority delegated in this section shall become effective only if it complies with and is subject to all of the provisions of chapter 536 and, if applicable, section 536.028. This section and chapter

536 are nonseverable and if any of the powers vested with the general assembly pursuant to chapter 536 to review, to delay the effective date, or to disapprove and annul a rule are subsequently held unconstitutional, then the grant of rulemaking authority and any rule proposed or adopted after August 28, 2025, shall be invalid and void.

11. Under section 23.253 of the Missouri sunset act:

(1) The provisions of the new program authorized under this section shall automatically sunset December thirty-first six years after the effective date of this section, unless reauthorized by an act of the general assembly;

(2) If such program is reauthorized, the program authorized under this section shall automatically sunset December thirty-first twelve years after the effective date of the reauthorization of this section; and

(3) This section shall terminate on September first of the calendar year immediately following the calendar year in which the program authorized under this section is sunset.

348.273. 1. This section and section 348.274 shall be known and may be cited as the "Missouri Angel Investment Incentive Act".

2. As used in this section and section 348.274, the following terms mean:

(1) "Cash investment", any moneys or money-equivalent contribution in consideration of qualified securities;

(2) "Department", the department of economic development;

(3) "Designated geographic regions", the following four regions:

(a) Region 1: Counties of Andrew, Bates, Benton, Buchanan, Cass, Clay, Clinton, DeKalb, Gentry, Henry, Holt, Jackson, Johnson, Lafayette, Platte, Ray, and Worth;

(b) Region 2: Counties of Franklin, Jefferson, Lincoln, St. Charles, Warren, and St. Louis, and the City of St. Louis;

(c) Region 3: Counties geographically north of the Missouri River, but excluding any counties in region 1 or region 2; and

(d) Region 4: Counties geographically south of the Missouri River, but excluding any counties in region 1 or region 2;

(4) "Investor", one of the following persons or entities:

(a) A natural person who is an accredited investor as defined under 17 CFR 230.501(a)(5) or 230.501(a)(6), as in effect on April 5, 2012;

(b) A permitted entity investor who is an accredited investor as defined under 17 CFR 230.501(a)(8), as in effect on August 28, 2013; or

(c) A natural person or permitted entity investor making an investment who qualifies under the federal Jumpstart Our Business Startups (JOBS) Act, P.L. 112-106, as in effect on August 28, 2013; and

The term "investor" shall not include any person who serves as an executive, officer, or employee of the business in which an otherwise qualified cash investment is made, and such person shall not qualify for the issuance of tax credits for such investment. However, an investor who serves solely as a director may qualify for the issuance of tax credits;

(5) "MTC", the Missouri technology corporation established under section 348.251;

(6) "Owner", any natural person who is, directly or indirectly, a partner, stockholder, or member in a permitted entity investor;

(7) "Permitted entity investor", any general partnership; limited partnership; corporation that has in effect a valid election to be taxed as an S corporation under the Internal Revenue Code of 1986, as amended; revocable living trust; nonprofit corporation; or limited liability company that has elected to be taxed as a partnership under the Internal Revenue Code of 1986, as amended, and that was established and is operated for the purpose of making investments in other entities;

(8) "Qualified knowledge-based company", a company engaged in the research, development, implementation, and commercialization of innovative technologies, products, and services for use in the commercial marketplace;

(9) "Qualified Missouri business", a Missouri business that is approved as a qualified knowledge-based company by the MTC and meets at least one of the following criteria:

(a) Any partnership, association, limited liability company, or corporation domiciled in Missouri; or

(b) Any limited liability company or corporation that is domiciled outside the state of Missouri but has its business operations located primarily in Missouri or does substantially all of such business's production in Missouri;

(10) "Qualified securities", a cash investment through any form or combination of forms of financial assistance as provided under this subdivision. Such forms of financial assistance include, but are not limited to:

(a) Any form of equity, such as:

a. A general or limited partnership interest;

b. Common stock;

c. Simple agreement for future equity (SAFE); or

d. Preferred stock, without regard to voting rights or seniority position, and regardless of whether convertible into common stock; and

(b) Any debt instrument subordinate to the general creditors of the qualified Missouri company debtor that requires no payment from the qualified Missouri company debtor and that shall convert to some form of equity prior to, or in conjunction with, the qualified Missouri company raising any additional funds;

(11) "Rural county", any county in the state of Missouri with fewer than twenty-five thousand inhabitants, and such term shall be deemed to include both the farm and nonfarm population thereof. The number of inhabitants specified in this subdivision shall be increased by six percent every ten years after each decennial census beginning in 2030; and

(12) "Tax credit", a credit against the tax otherwise due under chapter 143, excluding withholding tax imposed by sections 143.191 to 143.265, chapter 147, or chapter 148.

3. (1) For all tax years beginning on or after January 1, 2026, a tax credit shall be allowed for an investor's cash investment in the qualified securities of a qualified Missouri business. The credit shall be in a total amount equal to forty percent of such investor's cash investment in any qualified Missouri business, subject to the limitations set forth in this subsection. The credit shall be in a total amount equal to fifty percent where the investor's cash investment in the qualified securities of a qualified Missouri business are in a rural county. If the amount by which that portion of the credit allowed by this section exceeds the investor's tax liability in any one tax year, the remaining portion of the credit may be carried forward five years or until the total amount of the credit is used, whichever occurs first. If the investor is a permitted entity investor, the credit provided by this section shall be claimed by the permitted entity investor in

proportion to such owner's equity investment in the permitted entity investor.

(2) A cash investment in a qualified security shall be deemed to have been made on the date of acquisition of the qualified security, as such date is determined in accordance with the provisions of the Internal Revenue Code of 1986, as amended.

(3) The department and the MTC shall not allow tax credits of more than seventy-five thousand dollars for a single qualified Missouri business per investor who is a natural person or a permitted entity investor and shall not allow a total of three hundred thousand dollars in tax credits for a single tax year per investor who is a natural person or a permitted entity investor. No tax credit authorized by this section or section 348.274 shall be allowed for any cash investments in qualified securities made in any year after December 31, 2032. The total amount of tax credits that may be allowed under this section shall not exceed six million dollars during either calendar year 2026 or 2027. Beginning in calendar year 2028, the total amount of tax credits allowed under this section shall be annually increased by twenty percent of the total amount of tax credits allowed in the immediately preceding calendar year, so long as the total amount of tax credits allowed in the immediately preceding calendar year was issued during the immediately preceding calendar year. For each successive year thereafter, if the total amount of tax credits allowed in the immediately preceding calendar year under this section is issued, the total amount of tax credits shall be increased by an additional twenty percent. Such increase of twenty percent of tax credits allowed shall continue, so long as the total amount of tax credits allowed in the immediately preceding calendar year was completely

issued. The balance of unissued tax credits may be carried over for issuance in future years before December 31, 2034. The balance of unissued tax credits carried over, if any, shall not be used in the calculation of the total amount of tax credits allowed in a given calendar year.

(4) At the beginning of each calendar year, the MTC shall equally designate the total amount of tax credits available during the first six months of that calendar year to each designated geographic region. As soon as practicable at the end of the first six months of that calendar year, the MTC shall prepare and issue a report to the director of the department designating all tax credit awards for that year to date, so that the department may issue such tax credits in accordance with the provisions of this section and section 348.274.

(5) During the last six months of the calendar year, any unissued tax credits previously allocated to any designated geographic region may be awarded at the discretion of the MTC to a qualified Missouri company in any designated geographic region throughout the state.

4. (1) Before an investor is entitled to receive tax credits under this section and section 348.274, such investor shall have made a cash investment in a qualified security of a qualified Missouri business. The business shall have been approved as a qualified Missouri business before the date on which the cash investment was made. To be designated as a qualified Missouri business, a business shall apply to the MTC.

(2) The application by a business shall be in the form and substance required by the MTC in coordination with the department by and through its service on the MTC board of directors but shall include at least the following:

(a) The name of the business and certified copies of the organizational documents of the business;

(b) A business plan, including a description of the business and the management, product, market, and financial plan of the business;

(c) A statement of the potential economic impact of the business, including the number, location, and types of jobs expected to be created;

(d) A description of the qualified securities to be issued, the consideration to be paid for the qualified securities, and the amount of any tax credits requested;

(e) A statement of the amount, timing, and projected use of the proceeds to be raised from the proposed sale of qualified securities; and

(f) Such other information as may be reasonably requested.

(3) The designation of a business as a qualified Missouri business shall be made by the MTC, and each qualified Missouri business shall annually apply to renew such designation, to be approved by the MTC. A business shall be so designated if the MTC determines, based upon the application submitted by the business and any additional information provided in connection with such application or as reasonably requested by the MTC, that such business meets established criteria, including at least the following:

(a) The business shall not have had annual gross revenues of more than five million dollars in the most recent tax year of the business;

(b) Businesses that are not bioscience businesses shall have been in operation for less than five years, and bioscience businesses shall have been in operation for less than ten years;

(c) The ability of investors in the business to receive tax credits for cash investments in qualified securities of the business is beneficial to advancing the goals of this section and section 348.274;

(d) The business shall not have ownership interests including, but not limited to, common or preferred shares of stock that can be traded via a public stock exchange before the date that a qualifying investment is made;

(e) The business shall not be engaged primarily in any one or more of the following enterprises:

a. The business of banking, savings and loan or lending institutions, credit or finance, or financial brokerage or investments;

b. The provision of professional services, such as legal, accounting, or engineering services; however, contract research or manufacturing organizations, sometimes referred to as CROs or CMOs, shall not be subject to this exclusion;

c. Governmental, charitable, religious, or trade organizations;

d. The ownership, development, brokerage, sales, or leasing of real estate;

e. Insurance;

f. Construction, construction management, or contracting;

g. Business consulting or brokerage;

h. Any business engaged primarily as a passive business, having irregular or noncontiguous operations, or deriving substantially all of the income of the business from passive investments that generate interest, dividends, royalties, or capital gains or any business arrangements the effect of which is to immunize an investor from risk of loss;

i. Any activity that is in violation of the law;

j. Any business raising moneys primarily to purchase real estate, land, or fixtures; and

k. Any gambling-related business;

(f) The business has a reasonable chance of success;

(g) The business has the reasonable potential to create measurable employment within the region, this state, or both;

(h) The business is based on an innovative technology, product, or service designed to be used in the commercial marketplace;

(i) The existing owners of the business and other founders have made or are committed to making a substantial financial or time commitment to the business;

(j) The securities to be issued and purchased are qualified securities;

(k) The business has the reasonable potential to address needs and opportunities specific to the region, this state, or both;

(l) The business has made binding commitments to the MTC for adequate reporting of financial data, including a requirement for an annual report or, if required, an annual audit of the financial and operational records of the business; the right of access to the financial records of the business; the right of the department and the MTC to record and publish normal and customary data and information related to the issuance of tax credits that are not otherwise determined to be trade or business secrets; and other such protections as may be in the best interest of Missouri taxpayers to achieve the goals of this section and section 348.274; and

(m) The business shall satisfy all other requirements of this section and section 348.274.

(4) A qualified Missouri business shall have the burden of proof to demonstrate the qualifications of the business under this section.

(5) The MTC shall establish an application fee for qualified Missouri businesses and investors or transferees. This fee shall be utilized by MTC to administer this act, issue the tax credits, and review the applications.

348.274. 1. (1) The MTC is authorized to allocate tax credits to qualified Missouri businesses, and the department is authorized to issue tax credits to investors in such qualified Missouri businesses. Such tax credits shall be allocated to those qualified Missouri businesses that, as determined by the MTC, are most likely to provide the greatest economic benefit to the region or the state, or both. The MTC may allocate, and the department may issue, whole or partial tax credits in accordance with the report issued to the director of the department based on the MTC's assessment of the qualified Missouri businesses. The MTC may consider numerous factors in such assessment including, but not limited to, the quality and experience of the management team, the size of the estimated market opportunity, the risk from current or future competition, the ability to defend intellectual property, the quality and utility of the business model, and the quality and reasonableness of financial projections for the business.

(2) Each qualified Missouri business for which the MTC has allocated tax credits such that the department can issue tax credits to the investors of such qualified Missouri business shall submit to the MTC a report before such tax credits are issued. Such report shall include the following:

(a) The name, address, and taxpayer identification number of each investor who has made cash investment in the qualified securities of the qualified Missouri business;

(b) Proof of such investment, including copies of the securities' purchase agreements and cancelled checks or wire-transfer receipts; and

(c) Such other information as may be reasonably required under this section and section 348.273 or reasonably requested by the department or the MTC.

2. (1) The state of Missouri, the department, or the MTC shall not be held liable for any damages to any investor that makes an investment in any qualified security of a qualified Missouri business, any business that applies to be designated as a qualified Missouri business and is denied, or any investor that makes an investment in a business that applies to be designated as a qualified Missouri business and is denied.

(2) Each qualified Missouri business shall have the obligation to notify the MTC, which shall notify the director of the department, of any changes in the qualifications of the business or in the eligibility of investors to claim a tax credit for cash investment in a qualified security.

(3) The director of the department, in cooperation with the MTC, shall provide the information specified under subdivision (3) of subsection 4 of this section to the director of the department of revenue on an annual basis. The MTC shall conduct an annual review of the activities undertaken under this section and section 348.273 to ensure that tax credits issued under this section and section 348.273 are issued in compliance with the provisions of this section and section 348.273 or rules and regulations promulgated by the MTC or the department with respect to this section and section 348.273. The reasonable costs of the annual review shall be paid by the MTC according to a reasonable fee schedule adopted by the MTC in cooperation

with the department by and through its service on the MTC board of directors.

(4) If the MTC determines that a business is not in substantial compliance with the requirements under this section and section 348.273 to maintain its designation, the department or MTC, by written notice, may inform the business that such business will lose its designation as a qualified Missouri business one hundred twenty days from the date of mailing of the notice unless such business corrects the deficiencies and is once again in compliance with the requirements for designation and provides the MTC with evidence of correcting the deficiencies as the MTC reasonably requests.

(5) At the end of the one hundred twenty day period, if the qualified Missouri business is still not in substantial compliance, the department or MTC may send a notice of loss of designation to the business, the director of the department of revenue, and to all known investors in the business.

(6) A business may lose its designation as a qualified Missouri business under this section and section 348.273 by moving either its headquarters outside of Missouri or a substantial number of the jobs created in Missouri to a location outside Missouri within ten years after receiving financial assistance under this section and section 348.273, provided that no business may lose its designation as a qualified Missouri business under this section and section 348.273 if such move is in connection with the acquisition of the business by sale of all or substantially all of its business, whether by merger, sale of stock, sale of assets, or otherwise.

(7) In the event that a business loses its designation as a qualified Missouri business, such business shall be

precluded from being issued any additional tax credits available under this section and section 348.273 with respect to the business, shall be precluded from being approved as a qualified Missouri business, and shall be subject to an appropriate clawback provision that the MTC, in cooperation with the department by and through its service on the MTC board of directors, may institute.

(8) Investors who lawfully make an investment in a qualified Missouri business shall not have issued tax credits disallowed solely due to the business subsequently losing its designation as a qualified Missouri business. In the event such qualified business loses its designation as a qualified Missouri business, the amount of tax credits issued under this section and section 348.273 shall be subject to clawback provisions from the qualified Missouri business, to be determined by the department and the MTC board of directors.

(9) The portions of documents and other materials submitted to the department or MTC that contain confidential information shall be kept confidential and shall be maintained in a secured environment. For the purposes of this section and section 348.273, confidential information shall include, but not be limited to, such portions of trade secrets, documents, any customer lists, and other materials; any formula, compound, production data, or compilation of information that will allow certain individuals within a commercial concern using such portions of documents and other material the means to fabricate, produce, or compound an article of trade; or any service having commercial value that gives the user an opportunity to obtain a business advantage over competitors who do not know or use such service.

(10) The department and the MTC may prepare and adopt procedures, rules, and published guidance concerning the performance of the duties placed upon each respective entity by this section and section 348.273.

3. Any investor who makes a cash investment in a qualified security of a qualified Missouri business may transfer the tax credits such investor may receive under subsection 3 of section 348.273 to any natural person. So long as the investor has not claimed the tax credit against the investor's Missouri income tax liability, such transferee may claim the tax credit against the transferee's Missouri income tax liability as provided in subdivision (1) of subsection 3 of section 348.273, subject to all restrictions and limitations set forth in this section and section 348.273. Documentation of any tax credit transfer under this section shall be provided by the investor in the manner established by the MTC and the department, by and through its service on the MTC board of directors.

4. (1) Each qualified Missouri business for which tax credits were issued under this section and section 348.273 shall report to the MTC annually on or before February first. The MTC shall provide copies of the reports to the department under appropriate confidentiality agreements as may be necessary under the circumstances. Such reports shall include the following:

(a) The name, address, and taxpayer identification number of each investor who has made a cash investment in the qualified securities of the qualified Missouri business and has received tax credits for this investment during the preceding year;

(b) The amounts of cash investments by each investor and a description of the qualified securities issued in consideration of such cash investments; and

(c) Such other information as may be reasonably required under this section and section 348.273.

(2) The MTC shall report quarterly to the director of the department on the allocation of the tax credits in the preceding calendar quarter. Such reports shall include:

(a) The number of applications received;

(b) The number and ratio of successful applications to unsuccessful applications;

(c) The amount of tax credits allocated but not issued in the previous quarter, including what percentage was allocated to individuals and what percentage was allocated to investment firms; and

(d) Such other information as reasonably agreed upon from time to time.

(3) The MTC and the department, as applicable, shall also report annually to the governor, the director of the department of economic development, the president pro tempore of the senate, and the speaker of the house of representatives, on or before April first, on the allocation and issuance of the tax credits. Such reports shall include:

(a) The amount of tax credits issued in the previous fiscal year, including what percentage was issued to individuals and what percentage was issued to investment firms;

(b) The types of businesses that benefitted from the tax credits;

(c) The amount of allocated but unissued tax credits and the information about the unissued tax credits set forth in subdivision (2) of this subsection;

(d) Any aggregate job creation or capital investment in the region that resulted from the use of the tax credits for a period of five years beginning from the date on which the tax credits were awarded;

(e) The manner in which the purpose of this section and section 348.273 has been carried out with regard to a designated geographic region;

(f) The total cash investments made for the purchase of qualified securities of qualified Missouri businesses within the state during the preceding year and cumulatively since the effective date of this section and section 348.273;

(g) An estimate of jobs created and jobs preserved by cash investments made in qualified Missouri businesses within the state;

(h) An estimate of the multiplier effect on the economy of the cash investments made under this section and section 348.273; and

(i) Information regarding what businesses deriving benefits from the tax credits remained in the designated geographic region, what businesses ceased business, what businesses were purchased, and what businesses may have moved out of a designated geographic region or the state.

(4) Any violation of the reporting requirements of this subsection by a qualified Missouri business may be grounds for the loss of designation as a qualified Missouri business, and any such business that loses its designation as a qualified Missouri business shall be subject to the restrictions upon loss of designation set forth in subsection 2 of this section.

5. Notwithstanding any provision of section 105.1500 to the contrary, any requirement to provide information, documents, or records under section 348.273 or 348.274, and any requirement established by the MTC or any state agency to provide information, documents, or records for the purpose of administering these sections, shall be exempt from section 105.1500 of the personal privacy protection act.

6. Tax credits issued under section 348.273 or 348.274 shall be classified as "entrepreneurial tax credits" under section 135.800 of the tax credit accountability act.

7. Section 348.273 and this section shall expire on December 31, 2032.