FIRST EXTRAORDINARY SESSION OF THE

FIRST REGULAR SESSION

SENATE COMMITTEE SUBSTITUTE FOR

SENATE BILL NO. 3

103RD GENERAL ASSEMBLY

3295S.02C KRISTINA MARTIN, Secretary

AN ACT

To repeal sections 67.3000 and 67.3005, RSMo, and to enact in lieu thereof four new sections relating to taxation.

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

Section A. Sections 67.3000 and 67.3005, RSMo, are repealed and four new sections enacted in lieu thereof, to be known as sections 67.3000, 67.3005, 100.240, and 135.445, to read as follows:

67.3000. 1. As used in this section and section 67.3005, the following words shall mean:

(1) "Active member", an organization located in the state of Missouri which solicits and services sports events, sports organizations, and other types of sports-related activities in that community;

(2) "Applicant" or "applicants", one or more certified sponsors, endorsing counties, endorsing municipalities, or a local organizing committee, acting individually or collectively;

(3) "Certified sponsor" or "certified sponsors", a nonprofit organization which is an active member of the **[**National Association of Sports Commissions**]** **Sports Events and Tourism Association**;

EXPLANATION-Matter enclosed in bold-faced brackets [thus] in this bill is not enacted and is intended to be omitted in the law.

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

(5) "Director", the director of revenue;

(6) **[**"Eligible costs" shall include:

(a) Costs necessary for conducting the sporting event;

(b) Costs relating to the preparations necessary for the conduct of the sporting event; and

(c) An applicant's pledged obligations to the site selection organization as evidenced by the support contract for the sporting event including, but not limited to, bid fees and financial guarantees.

Eligible costs shall not include any cost associated with the rehabilitation or construction of any facilities used to host the sporting event or direct payments to a for-profit site selection organization, but may include costs associated with the retrofitting of a facility necessary to accommodate the sporting event;

(7)**]** "Eligible donation", donations received, by a certified sponsor or local organizing committee, from a taxpayer that may include cash, publicly traded stocks and bonds, and real estate that will be valued and documented according to rules promulgated by the department. Such donations shall be used solely to provide funding to attract sporting events to this state;

[(8)**]** **(7)** "Endorsing municipality" or "endorsing municipalities", any city, town, incorporated village, or county that contains a site selected by a site selection organization for one or more sporting events;

[(9)**]** **(8)** "Joinder agreement", an agreement entered into by one or more applicants, acting individually or collectively, and a site selection organization setting out representations and assurances by each applicant in connection with the selection of a site in this state for the location of a sporting event;

[(10)**]** **(9)** "Joinder undertaking", an agreement entered into by one or more applicants, acting individually or collectively, and a site selection organization that each applicant will execute a joinder agreement in the event that the site selection organization selects a site in this state for a sporting event;

[(11)**]** **(10)** "Local organizing committee", a nonprofit corporation or its successor in interest that:

(a) Has been authorized by one or more certified sponsors, endorsing municipalities, or endorsing counties, acting individually or collectively, to pursue an application and bid on its or the applicant's behalf to a site selection organization for selection as the host of one or more sporting events; or

(b) With the authorization of one or more certified sponsors, endorsing municipalities, or endorsing counties, acting individually or collectively, executes an agreement with a site selection organization regarding a bid to host one or more sporting events;

(11) "Registered participant", an individual who is registered to compete in a sporting event, or an athlete, coach, or other individual who is part of a team's official contingent with an official capacity for such sporting event;

(12) "Site selection organization", the National Collegiate Athletic Association (NCAA); an NCAA member conference, university, or institution; the National Association of Intercollegiate Athletics (NAIA); the United States Olympic **& Paralympic** Committee **[**(USOC)**]** **(USOPC)**; a national governing body (NGB) or international federation of

a sport recognized by the **[**USOC**]** **USOPC**; the United States Golf Association (USGA); the United States Tennis Association (USTA); the Amateur Athletic Union (AAU); the National Christian College Athletic Association (NCCAA); the National Junior College Athletic Association (NJCAA); the United States Sports Specialty Association (USSSA); any rights holder member of the **[**National Association of Sports Commissions (NASC)**]** **Sports Events and Tourism Association (Sports ETA)**; other major regional, national, and international sports associations, and amateur organizations that promote, organize, or administer sporting games or competitions; or other major regional, national, and international organizations that promote or organize sporting events;

(13) "Sporting event" or "sporting events", an amateur, collegiate, or Olympic sporting event that is competitively bid or is awarded by a site selection organization;

(14) "Support contract" or "support contracts", an event award notification, joinder undertaking, joinder agreement, or contract executed by an applicant and a site selection organization;

(15) "Tax credit" or "tax credits", a credit or credits issued by the department against the tax otherwise due under chapter 143 or 148, excluding withholding tax imposed under sections 143.191 to 143.265;

(16) "Taxpayer", any of the following individuals or entities who make an eligible donation:

(a) A person, firm, partner in a firm, corporation, or a shareholder in an S corporation doing business in the state of Missouri and subject to the state income tax imposed under chapter 143;

(b) A corporation subject to the annual corporation franchise tax imposed under chapter 147;

(c) An insurance company paying an annual tax on its gross premium receipts in this state;

(d) Any other financial institution paying taxes to the state of Missouri or any political subdivision of this state under chapter 148;

(e) An individual subject to the state income tax imposed under chapter 143;

(f) Any charitable organization which is exempt from federal income tax and whose Missouri unrelated business taxable income, if any, would be subject to the state income tax imposed under chapter 143.

2. An applicant may submit a copy of a support contract for a sporting event to the department. Within sixty days of receipt of the sporting event support contract, the department may review the applicant's support contract and certify such support contract if it complies with the requirements of this section. Upon certification of the support contract by the department, the applicant may be authorized to receive the tax credit under subsection 4 of this section.

3. No more than ninety days following the conclusion of the sporting event, the applicant shall submit **[**eligible costs and documentation of the costs evidenced by receipts, paid invoices, event settlements, or other documentation in a manner prescribed by the department. Eligible costs may be paid by the applicant or an entity cohosting the event with the applicant**]** **a ticket sales or box office statement verifying the total number of tickets sold for such event, or, if such event was participant-based, a list of all registered participants.**

4. (1) [No later than seven days following the conclusion of the sporting event, the department, in consultation with the director, shall determine the total number of tickets sold at face value for such event or, if such event was participant-based and did not sell admission tickets, the total number of paid participant registrations.

(2)] No later than sixty days following the receipt of [eligible costs and] documentation of [such costs] **ticket sales or registered participants** from the applicant as required in subsection 3 of this section, the department shall, except for the limitations under subsection 5 of this section, issue **a certificate for** a refundable tax credit to the applicant for [the least of]:

(a) [One hundred percent of eligible costs incurred by the applicant;

(b)] An amount equal to [five] **six** dollars for every admission ticket sold to such event; or

[(c)] **(b)** An amount equal to [ten] **twelve** dollars for every [paid] **registered** participant [registration] if such event was participant-based [and did not sell admission tickets].

The calculations under paragraphs [(b)] **(a)** and [(c)] **(b)** of this subdivision shall use the actual number of tickets sold or [registrations paid] **registered participants**, not an estimated amount.

(2) The department of revenue shall issue a refund of the refundable tax credit to the applicant within ninety days of the applicant's submission of a valid tax credit certificate issued in accordance with subdivision (1) of this subsection. Notwithstanding any provision of law to

the contrary, this may include a refund issued in advance of the close of the tax period to which the tax credit applies.

(3) Tax credits authorized by this section may be claimed against taxes imposed by chapters 143 and 148 **[**and shall be claimed within one year of the close of the tax year for which the credits were issued**]**. Tax credits authorized by this section **[**may**] shall not** be transferred, sold, or assigned **[**by filing a notarized endorsement thereof with the department that names the transferee, the amount of tax credit transferred, and the value received for the credit, as well as any other information reasonably requested by the department**]**. **Notwithstanding any provision of law to the contrary, tax credits authorized by this section may be refunded at any time following issuance, even prior to the close of the tax period for which the credits were issued. An erroneous, excessive, or improper refund of these tax credits shall be considered an underpayment of tax on the date made. If any applicant is issued tax credits pursuant to this section that are refunded to such applicant, but the department of revenue later determines that the applicant receiving the credits owes or owed taxes that were not paid for the tax year for which the tax credit was issued, such applicant shall pay to the department of revenue the applicant's tax liability still due, including any underpayment caused by the erroneous, excessive, or improper refund of these tax credits. The department of revenue may promulgate such rules as are necessary to administer such clawback provisions under this subdivision.**

5. In no event shall the amount of tax credits issued by the department under subsection 4 of this section exceed **[**three**] six** million dollars in any fiscal year. For all events located within the following counties, the total

amount of tax credits issued shall not exceed **[**two**]** **five** million **[**seven**]** **five** hundred thousand dollars in any fiscal year:

(1) A county with a charter form of government and with more than six hundred thousand inhabitants; or

(2) A city not within a county.

6. An applicant shall provide any information necessary as determined by the department for the department and the director to fulfill the duties required by this section. At any time upon the request of the state of Missouri, a certified sponsor shall subject itself to an audit conducted by the state.

7. This section shall not be construed as creating or requiring a state guarantee of obligations imposed on an endorsing municipality under a support contract or any other agreement relating to hosting one or more sporting events in this state.

8. The department shall only certify an applicant's support contract for a sporting event in which the site selection organization has yet to select a location for the sporting event as of December 1, 2012. No support contract shall be certified unless the site selection organization has chosen to use a location in this state from competitive bids, at least one of which was a bid for a location outside of this state, except that competitive bids shall not be required for any previously-awarded event whose site selection organization extends its contractual agreement with the event's certified sponsor or for any **[**post-season**]** **neutral-site** collegiate **[**football game or other neutral-site**]** game with at least one out-of-state team. Support contracts shall not be certified by the department after August 28, **[**2025**]** **2032**, provided that the support contracts

may be certified on or prior to August 28, **[**2025**] 2032**, for sporting events that will be held after such date.

9. The department may promulgate rules as necessary to implement the provisions 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, 2013, shall be invalid and void.

10. The repeal and reenactment of subsection 8 of this section shall become effective on the effective date of this act and the repeal and reenactment of the remainder of the provisions of this section shall become effective July 1, 2026, and shall apply only to tax credits issued on or after July 1, 2026.

67.3005. 1. For all tax years beginning on or after January 1, 2013, any taxpayer shall be allowed a credit against the taxes otherwise due under chapter 143, 147, or 148, excluding withholding tax imposed by sections 143.191 to 143.265, in an amount equal to fifty percent of the amount of an eligible donation, subject to the restrictions in this section. The amount of the tax credit claimed shall not exceed the amount of the taxpayer's state income tax liability in the tax year for which the credit is claimed. Any amount of credit that the taxpayer is prohibited by this section from claiming in a tax year shall not be refundable, but may be carried forward to any of the taxpayer's two subsequent tax years.

2. To claim the credit authorized in this section, a certified sponsor or local organizing committee shall submit to the department an application for the tax credit authorized by this section on behalf of taxpayers. The department shall verify that the applicant has submitted the following items accurately and completely:

(1) A valid application in the form and format required by the department;

(2) A statement attesting to the eligible donation received, which shall include the name and taxpayer identification number of the individual making the eligible donation, the amount of the eligible donation, and the date the eligible donation was received; and

(3) Payment from the certified sponsor or local organizing committee equal to the value of the tax credit for which application is made.

If the certified sponsor or local organizing committee applying for the tax credit meets all criteria required by this subsection, the department shall issue a certificate in the appropriate amount.

3. Tax credits issued under this section may be assigned, transferred, sold, or otherwise conveyed, and the new owner of the tax credit shall have the same rights in the credit as the taxpayer. Whenever a certificate is assigned, transferred, sold, or otherwise conveyed, a notarized endorsement shall be filed with the department specifying the name and address of the new owner of the tax credit or the value of the credit. In no event shall the amount of tax credits issued by the department under this

section exceed [ten million] **five hundred thousand** dollars in any fiscal year.

4. The department shall promulgate rules to implement the provisions 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, 2013, shall be invalid and void.

5. Under section 23.253 of the Missouri sunset act:

(1) The provisions of the new program authorized under **this** section **and section** 67.3000 **[**and under this section**]** shall automatically sunset six years after August 28, **[**2019**]** **2026**, unless reauthorized by an act of the general assembly; and

(2) If such program is reauthorized, the program authorized under **this** section **and section** 67.3000 **[**and under this section**]** shall automatically sunset twelve years after the effective date of the reauthorization of these sections; and

(3) Section 67.3000 and this section shall terminate on September first of the calendar year immediately following the calendar year in which the program authorized under these sections is sunset.

6. The repeal and reenactment of subsection 5 of this section shall become effective on the effective date of this

act and the repeal and reenactment of the remainder of the provisions of this section shall become effective July 1, 2026, and shall apply only to tax credits issued on or after July 1, 2026.

100.240. 1. This section shall be known and may be cited as the "Show-Me Sports Investment Act".

2. The state of Missouri, acting through the department and the office of administration, may, upon such terms and with reasonable consideration as it may determine, subject to appropriation, expend funds for the purpose of aiding and cooperating in the planning, undertaking, financing, or carrying out of an athletic and entertainment facility project for which application is made to the department and approved by the director and the commissioner.

3. As used in this section, the following terms shall mean:

(1) "Athletic and entertainment facility", structures, fixtures, systems, and facilities of sports and entertainment venues with seating capacity of more than thirty thousand, including associated parking facilities, and that the director and commissioner determine is a contributing factor in the attraction or retention of sports, recreational, or entertainment activities, whether professional, commercial, or private, and a primary factor in the retention of a professional sports franchise in the state. An athletic and entertainment facility may include a professional sports franchise's headquarters facility and training facility, regardless of whether they are co-located in or adjacent to the stadium, but still located within the state. Such structures, fixtures, systems, and facilities may include, but are not limited to, foundations, roofs, interior and exterior walls or windows, floors, steps,

stairs, concourses, hallways, restrooms, event or meeting spaces or other hospitality-related areas, concession or food preparation areas, or services systems such as mechanical, gas utility, electrical, lighting, communication, sound, sanitary, HVAC, elevator, escalator, plumbing, sprinkler, cabling and wiring, life-safety security cameras, access deterrents, public safety improvements, or other building systems;

(2) "Baseline year", the calendar year prior to submission of an application to the department under this section;

(3) "Baseline year state tax revenues", the state tax revenues derived directly from the operations of the athletic and entertainment facility of the professional sports franchise, including vendors and tenants located in the athletic and entertainment facility, during the baseline year;

(4) "Board", the Missouri development finance board created by section 100.265;

(5) "Commissioner", the commissioner of the office of administration of the state of Missouri;

(6) "Department", the Missouri department of economic development created by section 620.010;

(7) "Director", the director of the department of economic development;

(8) "Lease", a lease agreement between the professional sports franchise and the owner of the athletic and entertainment facility, without regard to options to renew the lease. For the purposes of subdivision (5) of subsection 5 of this section, in the event one component of the athletic and entertainment facility has a different end

of the term of the lease date than another component, the lease term that ends the latest in time shall be applicable;

(9) "Professional sports franchise", any professional sports team that is a member of Major League Baseball or the National Football League;

(10) "Project", the development, construction, reconstruction, rehabilitation, repair, or improvement of any athletic and entertainment facility for which an application is made and approved by the director and the commissioner. A project must have total project costs of at least five hundred million dollars to be eligible for funding under this section. Residential, commercial, retail, or mixed-use development adjacent to an athletic and entertainment facility shall not be included as part of the project;

(11) "State tax liability", any liability incurred by a taxpayer under chapter 143, 147, or 148, exclusive of the provisions relating to the withholding of tax as provided for in sections 143.191 to 143.265 and related provisions;

(12) "State tax revenues", the sum of the following:

(a) The general revenue portion of state sales tax revenues received under section 144.020, excluding sales taxes that are constitutionally dedicated, taxes deposited to the school district trust fund in accordance with section 144.701, sales and use taxes on motor vehicles, trailers, boats, and outboard motors, and future sales taxes earmarked by law;

(b) The state income tax withheld on behalf of employees by an employer under section 143.221; and

(c) The nonresident professional athletes and entertainers state income tax revenues as set forth in section 143.183;

(13) "Tax credit", a credit against the taxpayer's state tax liability, or which may be transferred or sold as provided for in subsection 7 of section 100.286.

4. Applicants shall submit an application to the department containing all information required by the department, including information to ascertain the applicant's baseline year state tax revenues. The director and the commissioner shall review the application for eligibility and may, in their discretion, enter into an agreement as described in subsection 2 of this section, provided the agreement meets all other requirements of this section. Notwithstanding section 32.057 to the contrary, the department of revenue shall, pursuant to an agreement as authorized by section 610.032, disclose to the director and the commissioner, or their duly authorized employees, information from reports or returns so that the baseline state tax revenues can be verified.

5. Any annual expenditure by the state in connection with an athletic and entertainment facility project shall be subject to annual appropriation and shall be no greater than an amount equal to the baseline year state tax revenues for the applicable professional sports franchise's athletic and entertainment facility, as stated in an agreement entered into between the department, the office of administration, and the applicant; provided, however, that:

(1) The term of state appropriations under any such agreement shall not exceed thirty years;

(2) The annual amount of the state appropriation authorized under this section for a project shall not exceed an amount equal to the baseline year state tax revenues for the athletic and entertainment facility of the professional sports franchise for any fiscal year;

(3) The net bond proceeds of any bonds supported by annual expenditures by the state under subsections 2 to 5 of this section for any project shall not exceed fifty percent of the total costs of the project;

(4) The director and the commissioner are satisfied that there is sufficient public investment made or to be made by units of local government to support infrastructure or other needs generated by the project; and

(5) For any athletic and entertainment facility project for which funds are expended under this section, if the owners of the applicable professional sports franchise relocate any of the professional sports franchise, athletic and entertainment facility, headquarters, or training facility, and if any such facility is located in the state at the time the application is submitted or is constructed in the state as part of the project, to another state during the term of the agreement entered into under subsections 2 to 5 of this section, it shall be considered a default event, and such owners of the professional sports franchise shall repay to the state general revenue fund:

(a) The amount of funds expended by the state pursuant to such agreement through the date of default event;

(b) The total debt service remaining for any outstanding bonded indebtedness for the project that was to be paid from state revenues under the agreement after the date of the default event through the maturity date of any such bonds or an amount sufficient to pay off any such bonds; and

(c) The amount of the tax credits issued under subsection 6 of this section. If, however, the default event occurs within five years of the ending of the term of the lease, then the owners of the professional sports

franchise shall be responsible for the total debt service remaining for any outstanding bonded indebtedness for the project that was to be paid from state revenues under the agreement or an amount sufficient to pay off any such bonds, and for no other funds expended by the state under the agreement nor for tax credits issued under subsection 6 of this section.

6. (1) For the purposes of funding an athletic and entertainment facility project as described in this section, the board may, in addition to the authority under subsection 6 of section 100.286, authorize any taxpayer, including any charitable organization that is exempt from federal income tax and whose Missouri unrelated business taxable income, if any, would be subject to the state income tax imposed pursuant to chapter 143, to receive a tax credit in the amount of fifty percent of any amount contributed in money or property by the taxpayer to the infrastructure development fund during the taxpayer's tax year, provided, however, the tax credits awarded under this subsection for an athletic and entertainment facility project shall not exceed ten percent of the amount of private investment in the athletic and entertainment facility project or fifty million dollars, whichever is less, and the total of such tax credits may be issued over a maximum of three calendar years, at the discretion of the board. Such credit shall not apply to reserve participation fees paid by borrowers under sections 100.250 to 100.297.

(2) The portion of earned tax credits which exceeds the taxpayer's tax liability may be carried forward for up to five years following the issuance year.

(3) The annual limits in section 100.286 shall not apply to tax credits issued under this subsection. Tax

credits issued under this subsection shall not count towards the annual limits in section 100.286.

(4) The tax credits issued under this subsection may be transferred or sold as described in subsection 7 of section 100.286.

(5) If an athletic and entertainment facility project receives tax credits under this subsection, such athletic and entertainment facility project shall not be permitted to receive tax credits under section 100.286.

7. In addition to any other authority granted under section 100.250, the board is authorized to issue its bonds payable from the annual expenditure by the state described in this section to assist in the financing of an athletic and entertainment facility project.

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

(1) "Homestead", real property occupied by a taxpayer as the primary residence as a homeowner or dwelling as a renter for more than half the year and which is used for all tax and legal purposes in Missouri;

(2) "State tax liability", the liability incurred by a taxpayer under provisions of chapter 143, exclusive of provisions relating to the withholding of tax as provided in sections 143.191 to 143.265;

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

(4) "Taxpayer", an individual subject to income tax imposed under section 143.011, excluding withholding tax imposed by sections 143.191 to 143.265.

2. For all tax years beginning on or after January 1, 2025, any taxpayer whose homestead received damage within an

area included in an executive order declaring a state of emergency issued by the governor and for which a request for presidential disaster declaration has been made by the governor shall be allowed a maximum tax credit of five thousand dollars against a state tax liability.

3. Each taxpayer claiming a tax credit under this section shall file a signed affidavit with their income tax return verifying:

(1) The address, including county, of the primary homestead that suffered damages; and

(2) The date the disaster occurred.

4. If multiple taxpayers are located at the same homestead address, whether a homeowner or renter, or reside at or held ownership interest in the same homestead during the tax year, the credit shall be pro-rated equally among all such eligible taxpayers unless such taxpayers jointly elect an alternate allocation of the tax credit.

5. Tax credits issued under this section shall be refundable. No tax credit claimed under this section shall be carried forward to any subsequent year.

6. No taxpayer shall be able to claim more than one credit under this section in a tax year.

7. The department of revenue may promulgate rules and regulations necessary to implement the provisions 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 the effective date of this act, shall be invalid and void.

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