

SENATE BILL NO. 1668

103RD GENERAL ASSEMBLY

INTRODUCED BY SENATOR GREGORY (21).

7173S.011

KRISTINA MARTIN, Secretary

AN ACT

To amend chapter 620, RSMo, by adding thereto nine new sections relating to downtown redevelopment incentives.

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

Section A. Chapter 620, RSMo, is amended by adding thereto
2 nine new sections, to be known as sections 620.6000, 620.6003,
3 620.6006, 620.6009, 620.6012, 620.6015, 620.6018, 620.6021, and
4 620.6024, to read as follows:

620.6000. 1. Sections 620.6000 to 620.6024 shall be
2 known and may be cited as the "Missouri Innovation, Public
3 Safety, and Accountability Act".

4 2. As used in sections 620.6000 to 620.6024, the
5 following terms mean:

6 (1) "Application", a written submission by a project
7 sponsor seeking one or more economic development incentives
8 authorized under sections 620.6000 to 620.6024 for a project
9 located within an innovation district, consisting of:

10 (a) A description of the proposed project;

11 (b) Documentation sufficient to demonstrate
12 eligibility for the incentives sought; and

13 (c) Information necessary to evaluate the project
14 under the master scorecard. An application shall be deemed
15 submitted upon delivery in the form prescribed by rule and

16 shall not be deemed incomplete except for failure to provide
17 information expressly required by such rule;

18 (2) "City", any incorporated city, town, or
19 municipality organized under the laws of the state of
20 Missouri;

21 (3) "Department", the Missouri department of economic
22 development;

23 (4) "Executive branch", the chief executive officer of
24 a participating city and any department, agency, or officer
25 acting under the authority of such chief executive officer,
26 consistent with the city's form of government to administer,
27 oversee, and carry out the responsibilities of an innovation
28 district authorized under sections 620.6000 to 620.6024;

29 (5) "Innovation district", a locally designated
30 geographic area within a participating city that overlays
31 its historic downtown, central business district, or
32 Missouri main street district, as applicable;

33 (6) "Innovation district master plan", a locally
34 prepared plan submitted by the executive branch to the
35 department under sections 620.6000 to 620.6024, identifying
36 district boundaries, existing conditions, and reinvestment
37 priorities within the innovation district;

38 (7) "Main street district", an accredited, associated,
39 or affiliated main street district of the Missouri main
40 street program created under sections 251.470 to 251.485;

41 (8) "Master scorecard", the framework established
42 under sections 620.6000 to 620.6024 for evaluating project-
43 level development incentives within an innovation district;

44 (9) "Participating city", a city that has voluntarily
45 elected to establish an innovation district and is eligible
46 to participate in programs authorized under sections
47 620.6000 to 620.6024;

48 (10) "Reviewing authority", the local governing body,
49 commission, board, or state agency authorized by law to
50 approve or administer an incentive for which an application
51 is submitted.

52 3. There is hereby established the "Innovation
53 District Program", a framework through which cities may
54 qualify for state-authorized economic incentives.

55 4. No city shall be required to establish an
56 innovation district. A city that elects to participate
57 shall do so in partnership with the state and in accordance
58 with the requirements of sections 620.6000 to 620.6024 and
59 applicable rules promulgated by the department.

60 5. Nothing in sections 620.6000 to 620.6024 shall be
61 construed to supersede local authority over land use,
62 zoning, or building codes.

63 6. (1) A city may apply to the department for
64 designation of an innovation district by submitting an
65 innovation district master plan for approval under the
66 requirements of this section.

67 (2) No local legislative act, ordinance, or resolution
68 shall be required as a prerequisite to designation of an
69 innovation district under this section.

70 (3) Upon approval of the innovation district master
71 plan by the department, the innovation district shall be
72 deemed designated for purposes of sections 620.6000 to
73 620.6024.

74 (4) The executive branch shall:

75 (a) Prepare and submit the innovation district master
76 plan;

77 (b) Coordinate with the department and local reviewing
78 authorities regarding district-level implementation;

79 (c) Provide oversight of district-level reinvestment
80 mechanisms authorized under sections 620.6000 to 620.6024;
81 and

82 (d) Perform such other functions as may be necessary
83 to carry out the purposes of the innovation district program.

84 7. An innovation district master plan submitted to the
85 department shall include:

86 (1) The proposed innovation district geographic
87 boundaries;

88 (2) Identification of vacant or underutilized property
89 for the purpose of demonstrating where and how incentives
90 authorized under sections 620.6000 to 620.6024 are expected
91 to be deployed and the impact such incentives are intended
92 to have;

93 (3) Public safety and infrastructure priorities;

94 (4) A general strategy for surplus or incremental
95 state revenues captured under sections 620.6000 to 620.6024;
96 and

97 (5) High-level projections of anticipated housing
98 units, jobs, business, and population impacts.

99 8. A city shall not be permitted more than one
100 innovation district and the department shall not consider
101 multiple proposals from a city.

102 9. The department's approval authority shall be
103 limited to determining whether the proposed innovation
104 district boundaries are reasonable in geography and are
105 generally consistent with this section. All other
106 information required to be included in the master plan shall
107 be informational in nature and shall not be subject to
108 discretionary approval, modification, or denial by the
109 department. The department shall approve the innovation
110 district master plan within forty-five calendar days of

111 receipt of a complete application. Failure to act within
112 this period shall constitute automatic approval, provided
113 the submitted plan satisfies all applicable requirements.

114 10. (1) Upon designation of an innovation district,
115 the following state-administered incentives shall be made
116 available within the district, subject to the terms of
117 sections 620.6000 to 620.6024 and administered by the
118 applicable state agency:

- 119 (a) Missouri income tax exemption;
- 120 (b) Missouri opportunity zone;
- 121 (c) Office-to-residential tax credit;
- 122 (d) State sales tax reinvestment and withholdings
123 reinvestment, where authorized; and
- 124 (e) Any other incentive expressly authorized by state
125 law to be administered by a state agency within an
126 innovation district.

127 (2) Upon designation of an innovation district, the
128 following locally administered incentives may be made
129 available within the district, subject to the terms of
130 sections 620.6000 to 620.6024 and administered by the
131 applicable local governing body:

- 132 (a) Property tax abatement; and
- 133 (b) Tax increment financing.
- 134 (3) Eligibility for incentives within an innovation
135 district shall be determined on a project-by-project basis.

136 (4) Upon designation of an innovation district, the
137 incentives under sections 620.6000 to 620.6024 shall apply
138 within the district to otherwise eligible projects by
139 operation of law. No ordinance, resolution, policy, or
140 practice adopted by a participating city shall have the
141 effect of limiting, suspending, conditioning, or rendering
142 unavailable any such incentives within the district.

143 11. (1) The department shall adopt and administer a
144 single, standardized master scorecard to evaluate incentives
145 for projects located within an innovation district. A
146 participating city and the department shall apply the master
147 scorecard uniformly and exclusively and shall not adopt,
148 substitute, supplement, or modify alternative scoring
149 criteria for such projects.

150 (2) The master scorecard shall apply only to the
151 following incentives authorized under state law and
152 administered or approved at the local or state level:

153 (a) Property tax abatement;

154 (b) Tax increment financing; and

155 (c) The office-to-residential tax credit.

156 (3) The master scorecard shall:

157 (a) Establish uniform criteria for evaluating project-
158 level incentives within the innovation district;

159 (b) Provide predictability and transparency regarding
160 baseline incentive eligibility;

161 (c) Rank projects based on measurable outcome;

162 (d) Establish intermediate incentive tiers for
163 projects scoring below the department's threshold for full
164 eligibility; and

165 (e) Assign project applications to incentive tiers
166 based on their normalized score, as established by rule of
167 the department.

168 (4) A project that achieves a normalized score of one
169 hundred points shall be entitled to the most favorable
170 incentive package available under state law for each
171 incentive governed by the master scorecard, subject only to
172 statutory limitations applicable to such incentive.

173 (5) Nothing in sections 620.6000 to 620.6024 shall be
174 construed to prohibit or limit a local governing authority

175 from awarding additional or enhanced local or locally
176 administered incentives beyond those indicated by a
177 project's score.

178 (6) Nothing in sections 620.6000 to 620.6024 shall be
179 construed to authorize the reduction, abatement, diversion,
180 or impairment of any existing revenues of the participating
181 city. Any property tax abatement or tax increment financing
182 incentive evaluated under the master scorecard shall apply
183 solely to net new assessed value, net new tax increment, or
184 net new property tax revenues.

185 (7) Any denial, limitation, reduction, or conditioning
186 of an incentive governed by this section that is based on
187 criteria inconsistent with the master scorecard or sections
188 620.6000 to 620.6024 shall be invalid, and the applicant
189 shall be entitled to administrative and judicial remedies as
190 provided by law.

191 12. (1) The master scorecard shall evaluate projects
192 based on the following categories for purposes of
193 determining incentive tiers:

- 194 (a) Housing activation, rehabilitation, and creation;
- 195 (b) Affordability;
- 196 (c) Ground-floor activation and tenant improvements;
- 197 (d) Community improvements and neighborhood
198 connectivity;
- 199 (e) Historic preservation;
- 200 (f) Access, mobility, and infrastructure;
- 201 (g) Family-oriented design;
- 202 (h) Resident amenities and quality of life features;
- 203 (i) Economic impact and stabilization;
- 204 (j) Workforce practices, procurement, and stewardship.

205 The department shall assign point values to each category by
206 rule, consistent with this section. Applicability of
207 categories shall be determined under criteria established by
208 rule and shall not be subject to applicant election.

209 (2) No scoring category shall be weighed or applied in
210 a manner that:

211 (a) Accounts for a disproportionate share of the total
212 score;

213 (b) Causes the category to function as a mandatory
214 prerequisite for approval; or

215 (c) Has the practical effect of requiring a specific
216 policy outcome as a condition of receiving an incentive
217 governed by this section.

218 Participation in, or compliance with, any scoring category
219 including, but not limited to, affordability, prevailing
220 wage practices, or minority or women-owned business
221 participation shall be voluntary and encouraged only through
222 scoring and not as a requirement.

223 13. (1) The reviewing authority shall issue a written
224 determination approving or denying an application for
225 incentives under sections 620.6000 to 620.6024 within forty-
226 five calendar days.

227 (2) Failure of a reviewing authority to issue a
228 written determination within the applicable review period
229 shall result in deemed approval of the application.

230 (3) If a reviewing authority fails to issue the
231 required ministerial confirmation of a deemed approval, the
232 department shall, upon request of the applicant, issue a
233 written certification of deemed approval within forty-five
234 calendar days. Failure of the department to issue such

235 certification within the prescribed period shall not impair
236 the effectiveness of the deemed approval.

620.6003. 1. In order to maintain designation as an
2 innovation district, a participating city shall, within six
3 months of designation, adopt, establish, or designate the
4 policies, processes, and authorities set forth in this
5 section and shall thereafter maintain such commitment on an
6 ongoing basis.

7 2. A participating city shall establish a fast-track
8 permitting process or "One-Stop Shop" for projects located
9 within an innovation district, which shall include
10 designation of a single, empowered point of contact, either
11 an individual or a designated group, within local
12 government, authorized to coordinate reviews and issue
13 binding determinations on behalf of all relevant
14 departments, agencies, and offices exercising permitting,
15 entitlement, inspection, or approval authority over the
16 project including, but not limited to, zoning, planning,
17 permitting, and building, fire, and life safety.

18 3. (1) The participating city shall provide:
19 (a) A clear and accessible application process;
20 (b) Coordinated interdepartmental review; and
21 (c) Issuance of an approval or denial within forty-
22 five calendar days of submission of a complete application.

23 (2) If a complete application is not approved or
24 denied within forty-five calendar days of submission, the
25 application shall be deemed approved by operation of law,
26 provided that the proposed project does not violate
27 applicable zoning requirements or life safety and fire
28 safety codes.

29 (3) Nothing in this subsection shall be construed to
30 waive or diminish compliance with zoning, structural, fire
31 safety, or life safety requirements.

32 4. (1) A participating city shall adopt a policy to
33 waive, reduce, or defer discretionary, duplicative, or
34 extraordinary permit and development fees for projects
35 located within the innovation district.

36 (2) Such policy shall not require waiver of fees
37 necessary to support the baseline health, staffing, and
38 operation of the building department or other reviewing
39 agencies, and may distinguish between essential operational
40 fees and discretionary or incremental charges.

41 5. (1) Any property subject to an existing tax
42 increment financing plan or tax abatement agreement at the
43 time of innovation district designation shall continue to be
44 governed by the terms of such existing agreement, and
45 nothing in sections 620.6000 to 620.6024 shall be construed
46 to impair, modify, or terminate such agreement.

47 (2) For properties within an innovation district that
48 are not subject to an existing project-specific tax
49 increment financing plan or property tax abatement
50 agreement, fifty percent of the incremental increase in real
51 property tax revenues generated after designation shall be
52 treated as tax increment for purposes of deposit into the
53 applicable innovation district public safety fund,
54 established under section 620.6009. The reallocation of
55 such funds shall be determined by the executive branch under
56 sections 620.6000 to 620.6024.

57 (3) For new development or redevelopment projects
58 within an innovation district that are not subject to an
59 existing agreement, a project may elect, at the time of
60 project approval, whether to:

- 61 (a) Commence a project-specific tax increment
62 financing plan for the maximum term authorized by law;
63 (b) Commence a property-specific property tax
64 abatement for the maximum term authorized by law; or
65 (c) Proceed without either incentive.

66 Such election shall be voluntary and shall be made in
67 accordance with the incentive tier determined under the
68 master scorecard.

69 6. (1) A participating city shall adopt policies
70 providing building code flexibility for adaptive reuse
71 projects within an innovation district. Such policies shall:

- 72 (a) Permit performance-based compliance pathways,
73 particularly with respect to energy code requirements;
74 (b) Recognize the environmental and economic benefits
75 of embodied carbon savings associated with adaptive reuse;
76 and
77 (c) Maintain compliance with structural integrity,
78 fire safety, and life safety standards.

79 (2) Nothing in this subsection shall be construed to
80 require adoption of any specific building or energy code
81 standard.

82 7. (1) If the department determines that a
83 participating city has failed to adopt or maintain one or
84 more requirements of this section, the department shall
85 provide written notice of such noncompliance.

86 (2) The participating city shall have ninety calendar
87 days from receipt of such notice to cure the noncompliance.

88 (3) If the noncompliance is not cured within ninety
89 calendar days, the department may suspend the participating
90 city's innovation district designation until such time as
91 compliance is restored.

92 (4) Any suspension or revocation of innovation
93 district designation under this section shall apply
94 prospectively only and shall not:

95 (a) Impair, modify, or terminate any incentive,
96 agreement, approval, or benefit previously awarded;

97 (b) Affect the validity or enforceability of any
98 incentive, agreement, approval, or benefit previously
99 awarded; or

100 (c) Give rise to any claim for damages against an
101 applicant arising solely from the suspension or revocation
102 of district designation.

103 (5) Projects that have received approval or entered
104 into binding agreements in reliance on innovation district
105 designation prior to notice of noncompliance shall be
106 permitted to proceed in accordance with the terms of such
107 approvals or agreements.

108 8. (1) The department shall prepare and submit a
109 biennial written report to the general assembly summarizing
110 the status, performance, and outcomes of the innovation
111 district program. The purpose of the report is to provide
112 transparency, accountability, and aggregate evaluation
113 regarding the implementation and performance of innovation
114 districts and the incentives authorized under sections
115 620.6000 to 620.6024. The report shall be informational in
116 nature and shall not be used to impose additional approval
117 requirements, conditions, or penalties on any innovation
118 district or approved projects.

119 (2) Information included in the report shall be
120 presented in aggregate or summary form, by district and
121 statewide where appropriate, and shall not disclose
122 confidential taxpayer information or identify individual
123 projects unless otherwise required by law.

124 (3) The report shall include, to the extent reasonably
125 available, the following categories of information:

126 (a) The number of innovation districts designated and
127 the communities participating during the reporting period;

128 (b) The number and types of projects approved within
129 innovation districts and the distribution of incentive tiers
130 authorized under the master scorecard;

131 (c) Aggregate counts of housing, commercial, or mixed-
132 use activation, and other redevelopment occurring within
133 innovation districts;

134 (d) Aggregate counts of employment impacts, including
135 net new or retained employment where such data is available;

136 (e) A summary of public safety, infrastructure, or
137 other public investment activities undertaken within
138 innovation districts under sections 620.6000 to 620.6024; and

139 (f) Any observations or recommendations the department
140 determines may assist the general assembly in evaluating the
141 effectiveness of the program.

142 9. The department may retain, subject to
143 appropriation, a limited portion of net new state revenues
144 generated under sections 620.6000 to 620.6024 solely for the
145 administration of the innovation district program. Such
146 retained amounts shall be derived exclusively from net new
147 economic activity attributable to innovation districts and
148 shall not reduce or impair any existing state or local
149 revenues. No application, participation, or administrative
150 fees shall be imposed under sections 620.6000 to 620.6024.

151 10. The department shall promulgate such rules and
152 regulations as are necessary to implement and administer
153 sections 620.6000 to 620.6024, provided that such rules are
154 consistent with and reasonably necessary to carry out the
155 purposes, structure, and operative provisions of sections

156 620.6000 to 620.6024. Any rule or portion of a rule, as
157 that term is defined in section 536.010, that is created
158 under the authority delegated in sections 620.6000 to
159 620.6024 shall become effective only if it complies with and
160 is subject to all of the provisions of chapter 536 and, if
161 applicable, section 536.028. This section and chapter 536
162 are nonseverable and if any of the powers vested with the
163 general assembly pursuant to chapter 536 to review, to delay
164 the effective date, or to disapprove and annul a rule are
165 subsequently held unconstitutional, then the grant of
166 rulemaking authority and any rule proposed or adopted after
167 August 28, 2026, shall be invalid and void.

168 11. Under section 23.253 of the Missouri sunset act:

169 (1) The provisions of the new program authorized under
170 sections 620.6000 to 620.6024 shall sunset ten years after
171 the effective date of sections 620.6000 to 620.6024 unless
172 reauthorized by an act of the general assembly; and

173 (2) Sections 620.6000 to 620.6024 shall terminate on
174 September first of the calendar year immediately following
175 the calendar year in which the program authorized under
176 sections 620.6000 to 620.6024 is sunset.

620.6006. 1. There is hereby established the "Rural
2 Missouri Development Fund", to be administered by the
3 department of economic development, for the purpose of
4 supporting economic development, infrastructure, housing,
5 workforce development, and related community-building
6 activities in rural and smaller communities throughout the
7 state.

8 2. (1) For purposes of this section, a "contributing
9 community" means a municipality that:

10 (a) Has designated one or more innovation districts
11 under sections 620.6000 to 620.6024; and

12 (b) Has a total certified assessed valuation that
13 ranks within the highest five percent of all Missouri
14 municipalities statewide, as most recently determined by the
15 Missouri state tax commission or the department of revenue.

16 (2) No municipality that does not meet both criteria
17 in subdivision (1) of this subsection shall be required to
18 contribute to the rural Missouri development fund.

19 3. (1) Each contributing community shall annually
20 contribute to the rural Missouri development fund an amount
21 equal to ten percent of net new property tax revenues
22 actually received by such communities that are generated
23 within its innovation district above the applicable baseline.

24 (2) For purposes of this section, "net new property
25 tax revenues actually received" means property tax revenues
26 collected and retained by the community that are
27 attributable to increases in assessed valuation occurring
28 upon designation of the innovation district.

29 (3) "Net new property tax revenues actually received"
30 shall not include:

31 (a) Any property tax revenues abated, exempted, or
32 otherwise forgone under a property tax abatement agreement;
33 or

34 (b) Any property tax increment captured, pledged, or
35 otherwise dedicated under a tax increment financing plan.

36 (4) Contributions under this section shall be derived
37 solely from collected incremental revenues and shall not
38 reduce or impair any existing property tax revenues, nor any
39 revenue subject to abatement or tax increment financing.

40 4. (1) Moneys in the rural Missouri development fund
41 may be awarded to:

42 (a) Rural municipalities;

43 (b) Smaller municipalities not meeting the definition
44 of a contributing community; or

45 (c) Local or regional development organizations,
46 community development corporations, or similar entities
47 applying on behalf of or in coordination with such
48 communities.

49 (2) Receipt of funds under this section shall not
50 require a community to establish an innovation district.

51 5. Funds awarded under this section may be used for
52 the following purposes including, but not limited to:

53 (1) Rural education;

54 (2) Public infrastructure improvements or public
55 safety;

56 (3) Housing development, rehabilitation, or
57 stabilization;

58 (4) Workforce development or training;

59 (5) Health care or community service facilities; and

60 (6) Other economic purposes consistent with the intent
61 of sections 620.6000 to 620.6024.

62 6. (1) The department of economic development shall
63 administer the rural Missouri development fund and shall
64 establish an application process for eligible recipients.

65 (2) In administering the fund, the department shall
66 consider:

67 (a) Project readiness;

68 (b) Demonstrated community need; and

69 (c) Alignment with the purposes of this section.

70 7. One percent of the revenue collected from the net
71 new property tax generated by a contributing community shall
72 be deposited into the fund for the department to be used
73 toward administrative fees to administer this section.

74 8. The department shall promulgate such rules and
75 regulations as are necessary to implement and administer
76 this section. Any rule or portion of a rule, as that term
77 is defined in section 536.010, that is created under the
78 authority delegated in this section shall become effective
79 only if it complies with and is subject to all of the
80 provisions of chapter 536 and, if applicable, section
81 536.028. This section and chapter 536 are nonseverable and
82 if any of the powers vested with the general assembly
83 pursuant to chapter 536 to review, to delay the effective
84 date, or to disapprove and annul a rule are subsequently
85 held unconstitutional, then the grant of rulemaking
86 authority and any rule proposed or adopted after August 28,
87 2026, shall be invalid and void.

 620.6009. 1. There is hereby established the
2 "Innovation District Public Safety Fund" for the purpose of
3 reinvesting a portion of net new state economic activity
4 generated within an innovation district into public safety,
5 public infrastructure, and related improvements that support
6 sustained district vitality.

7 2. (1) Subject to the exclusions set forth in this
8 section, the innovation district public safety fund shall
9 receive fifty percent of incremental state tax receipts
10 generated within a designated innovation district that would
11 otherwise be deposited into the state general revenue fund.

12 (2) For purposes of this section, "incremental state
13 tax receipts" means:

14 (a) State sales tax revenues attributable to
15 transactions occurring within the innovation district, in
16 excess of the applicable baseline under subsection 3 of this
17 section; and

18 (b) State income tax withholdings attributable to
19 wages paid for employment occurring within the innovation
20 district, in excess of the applicable baseline under
21 subsection 3 of this section.

22 No other state taxes shall be subject to recapture under
23 this section unless expressly authorized by law.

24 3. The baseline for determining incremental state tax
25 receipts shall be established by the administrator based on
26 actual state sales tax and state withholding tax collections
27 within the innovation district during the twelve months
28 immediately preceding designation of the district. The
29 baseline shall remain fixed for the purposes of calculating
30 incremental receipts under this section.

31 4. (1) This section shall not apply to any geographic
32 area located within:

33 (a) A district designated as a super tax increment
34 financing district, whether such a district exists at the
35 time of innovation district designation or is created
36 thereafter; or

37 (b) A district designated under the Missouri Downtown
38 Economic Stimulus Authority Act (MODESA), whether such a
39 district exists at the time of innovation district
40 designation or is created thereafter.

41 (2) Incremental state tax receipts generated within
42 excluded geographic areas shall not be subject to recapture
43 under this section.

44 (3) Excluded geographic areas shall not receive,
45 directly or indirectly, or benefit from moneys remitted to
46 or expended from the innovation district public safety fund,
47 including funding for public safety, infrastructure, or
48 public realm improvements.

49 5. (1) Moneys remitted under this section shall be
50 deposited into a dedicated local fund or account established
51 by the participating city for the applicable innovation
52 district.

53 (2) The innovation district board shall have authority
54 to allocate and direct the use of such moneys, subject to
55 the eligible uses set forth in sections 620.6000 to 620.6024
56 and consistent with the innovation district master plan.

57 (3) Moneys remitted under this section shall be used
58 solely for the benefit of the innovation district from which
59 such revenues were generated.

60 (4) All moneys remitted and expended under this
61 section shall remain subject to generally applicable state
62 and local accounting, auditing, and public finance laws.

63 6. (1) Moneys remitted from the innovation district
64 public safety fund may be used for capital or operating
65 expenditures related to public safety and public realm
66 improvements within the innovation district, including but
67 not limited to:

68 (a) Police services and law enforcement staffing;

69 (b) Lighting, cameras, and surveillance systems;

70 (c) Wayfinding and signage;

71 (d) Sidewalks, streets, crosswalks, and traffic-
72 calming improvements;

73 (e) Landscaping, trees, and plazas;

74 (f) Stabilization, remediation, demolition, or
75 redevelopment preparation of real property;

76 (g) Maintenance or operations directly related to
77 public safety or district infrastructure;

78 (h) Other public safety or public infrastructure
79 improvements consistent with the purposes of this section.

80 (2) The use of innovation district public safety fund
81 moneys for police services shall be limited to sworn law
82 enforcement officers or duly authorized law enforcement
83 agencies and shall not include private security or non-law-
84 enforcement personnel acting in a public safety capacity.
85 Moneys remitted under this section shall supplement and not
86 supplant existing public safety funding obligations of the
87 participating city.

88 7. (1) A project sponsor may apply to the department
89 of economic development for a construction-phase withholding
90 for a project located within an innovation district,
91 provided that:

92 (a) The project has received all required local
93 approvals; and

94 (b) The project has total hard construction costs of
95 not less than five million dollars.

96 (2) An application for a construction-phase
97 withholding advance shall be submitted to the department
98 after project approval and prior to project stabilization,
99 in such form and manner as prescribed by rule.

100 (3) The department shall authorize a construction-
101 phase withholding advance upon demonstration by the project
102 sponsor that:

103 (a) The project is located within a designated
104 innovation district;

105 (b) The project will generate construction-phase
106 employment occurring within the district; and

107 (c) The project is reasonably projected to generate
108 state income tax withholdings attributable to construction-
109 phase employment above the applicable baseline.

110 The department's review shall be limited to verification of
111 eligibility and projected withholding amounts and shall not
112 include discretionary policy evaluation.

113 (4) The amount of a construction-phase withholding
114 advance authorized under this section shall not exceed
115 twenty-five percent of the projected state income tax
116 withholdings attributable to construction-phase employment
117 generated by the project above the applicable baseline. In
118 no event shall a project sponsor receive construction-phase
119 withholding advances exceeding twenty-five percent of actual
120 construction-phase withholdings generated by the project.
121 Construction-phase withholding advances shall not be
122 eligible for use as qualifying reinvestment expenditures
123 under section 620.6015.

124 8. An authorized construction-phase withholding
125 advance shall not be disbursed until the project sponsor
126 demonstrates to the department that:

- 127 (1) Construction has commenced; and
128 (2) Not less than ten percent of the total hard
129 construction costs have been incurred.

130 Upon satisfaction of such requirements, the department shall
131 disburse the approved advance within forty-five calendar
132 days, as a lump sum.

133 9. The department shall approve or deny an application
134 for a construction-phase withholding advance within forty-
135 five calendar days of receipt of a complete application.
136 Failure to act within such period shall result in deemed
137 approval of the application as submitted.

138 10. For purposes of this section, "construction-phase
139 employment" means employment primarily engaged in
140 construction, demolition, rehabilitation, or related

141 activities associated with an approved development project
142 and occurring prior to project stabilization. Construction-
143 phase employment shall not include permanent or stabilized
144 employment.

145 11. (1) Following completion of construction, the
146 department shall verify the actual amount of state income
147 tax withholdings attributable to construction-phase
148 employment generated by the project above the applicable
149 baseline.

150 (2) If twenty-five percent of the actual construction-
151 phase withholdings equals or exceeds the amount of the
152 construction-phase withholding advance disbursed to the
153 project, no further action shall be required.

154 (3) If twenty-five percent of the actual construction-
155 phase withholdings is less than the amount of the
156 construction-phase withholding advance disbursed, the excess
157 shall be repaid by the project sponsor or offset against
158 future allocations, as determined by rule.

159 12. All incremental state tax receipts attributable to
160 construction-phase employment not subject to an approved
161 construction-phase withholding advance shall be allocated
162 for the benefit of the applicable innovation district and
163 controlled by the innovation district board in accordance
164 with sections 620.6000 to 620.6024.

165 13. The department of economic development shall
166 promulgate all rules necessary to implement this section,
167 provided that such rules are consistent with and reasonably
168 necessary to carry out the purposes, structure, and
169 operative provisions of sections 620.6000 to 620.6024. In
170 promulgating such rules, the department shall consult with
171 the department of revenue to the extent necessary for the
172 administration of this section. Any rule or portion of a

173 rule, as that term is defined in section 536.010, that is
174 created under the authority delegated in this section shall
175 become effective only if it complies with and is subject to
176 all of the provisions of chapter 536 and, if applicable,
177 section 536.028. This section and chapter 536 are
178 nonseverable and if any of the powers vested with the
179 general assembly pursuant to chapter 536 to review, to delay
180 the effective date, or to disapprove and annul a rule are
181 subsequently held unconstitutional, then the grant of
182 rulemaking authority and any rule proposed or adopted after
183 August 28, 2026, shall be invalid and void.

620.6012. 1. This section establishes an income tax
2 abatement incentive for qualifying individuals establishing
3 residency within an innovation district.

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

5 (1) "Primary residence", a dwelling unit within an
6 innovation district that the individual occupies as the
7 individual's principal place of residence for Missouri
8 income tax purposes, whether such dwelling unit is owned or
9 leased by the individual;

10 (2) "Qualified new resident", an individual who:

11 (a) Was not a resident of the state of Missouri for
12 state income tax purposes during the most recent tax year
13 preceding the tax year for which the exclusion is claimed;
14 and

15 (b) Establishes a primary residence within an
16 innovation district and is a resident of the state of
17 Missouri for state income tax purposes during the tax year
18 for which the exclusion is claimed.

19 3. For all tax years beginning on or after January 1,
20 2027, the income tax exclusion authorized by this section
21 shall apply for each tax year in which the individual

22 remains a resident of the state of Missouri for income tax
23 purposes and maintains a primary residence within an
24 innovation district. The exclusion shall not apply for any
25 tax year in which either condition is not satisfied.

26 4. Nothing in this section shall be construed to
27 require that a qualified new resident occupy a primary
28 residence within an innovation district for any minimum
29 number of days or months during a tax year, provided the
30 individual otherwise qualifies as a Missouri resident for
31 income tax purposes and maintains such residence as the
32 individual's primary residence.

33 5. Any reduction in tax as a result of such exclusion
34 shall be fully recaptured by the department of revenue for
35 the tax year in which eligibility is lost if the qualified
36 new resident no longer meets the requirements provided under
37 this section. The amount required to be recaptured shall be
38 deemed an underpayment of tax and shall be due and payable
39 on the tax return that is due immediately following the loss
40 of residency.

41 6. Notwithstanding any other limitation contained in
42 the laws of this state, collection of any taxes deemed to be
43 an underpayment by this section shall be allowed for a
44 innovation district of three years following the due date of
45 the recaptured taxes.

46 7. An individual who was a resident of the state of
47 Missouri for income tax purposes during the most recent tax
48 year preceding the tax year for which the exclusion is
49 claimed shall not be eligible for the exclusion authorized
50 by this section.

51 8. The department of economic development shall
52 promulgate all rules necessary to implement this section,
53 provided that such rules are consistent with and reasonably

54 necessary to carry out the purposes, structure, and
55 operative provisions of sections 620.6000 to 620.6024. In
56 promulgating such rules, the department shall consult with
57 the department of revenue to the extent necessary for the
58 administration of this section. Any rule or portion of a
59 rule, as that term is defined in section 536.010, that is
60 created under the authority delegated in this section shall
61 become effective only if it complies with and is subject to
62 all of the provisions of chapter 536 and, if applicable,
63 section 536.028. This section and chapter 536 are
64 nonseverable and if any of the powers vested with the
65 general assembly pursuant to chapter 536 to review, to delay
66 the effective date, or to disapprove and annul a rule are
67 subsequently held unconstitutional, then the grant of
68 rulemaking authority and any rule proposed or adopted after
69 August 28, 2026, shall be invalid and void.

70 9. Under section 23.253 of the Missouri sunset act:

71 (1) The provisions of the new program authorized under
72 this section shall sunset ten years after the effective date
73 of this section unless reauthorized by an act of the general
74 assembly; and

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

620.6015. 1. This section establishes an employer
2 retention and reinvestment withholding incentive for
3 retention of jobs and reinvestment by businesses
4 establishing a continuous presence in an innovation district.

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

6 (1) "Baseline payroll", the employer's average
7 quarterly gross payroll attributable to the innovation
8 district location for the four consecutive calendar quarters

9 immediately preceding approval of a withholding agreement
10 under this section, or such alternative baseline as may be
11 established for a newly locating or expanding employer under
12 a withholding agreement;

13 (2) "Eligible employee", an employee whose primary
14 work location is physically located within the innovation
15 district and who performs services on-site at such location
16 on a regular basis;

17 (3) "Eligible employer", an employer that operates a
18 business within an innovation district and that satisfies
19 the requirements of this section. An eligible employer
20 shall not include an employer that relocates, consolidates,
21 or transfers business operations from a location outside the
22 innovation district to a location within the district if
23 such relocation results in a material reduction of payroll
24 at the originating location;

25 (4) "Material reduction of payroll", a reduction of
26 more than five percent in the employer's aggregate gross
27 payroll attributable to the originating location, as
28 compared to the applicable baseline payroll;

29 (5) "Qualifying reinvestment expenditures" or "QREs",
30 documented expenditures incurred by an eligible employer for
31 capital improvements or other investments at or for the
32 benefit of the innovation district location, including but
33 not limited to: security and safety improvements, including
34 security officers, lighting, cameras, and access control;
35 building systems improvements; tenant improvements; public
36 infrastructure improvements; life-safety systems; code
37 compliance; accessibility improvements; or other
38 expenditures approved by the department that are consistent
39 with the purposes of this section, provided that such

40 expenditures supplement and do not supplant ordinary
41 operating expenses;

42 (6) "Withholding agreement", a written agreement
43 entered into between an eligible employer and the department
44 of economic development under this section that specifies:

45 (a) The amount and duration of the withholding benefit;

46 (b) The method by which the withholding benefit is
47 delivered, whether as a credit or authorized retention of
48 withholdings;

49 (c) The qualifying reinvestment expenditures to be
50 undertaken by the employer, demonstrating that the QREs
51 supplant existing operating or capital expenditures;

52 (d) Payroll baseline and maintenance requirements;

53 (e) Reporting, verification, audit, notice, and cure
54 requirements; and

55 (f) Any other terms necessary to carry out the
56 purposes of this section;

57 (7) "Withholding benefit", the state income tax
58 withholdings attributable to eligible employees that an
59 eligible employer is authorized to receive, either through a
60 credit or through authorized retention of such withholdings,
61 which may be carried forward under a withholding agreement
62 under this section;

63 (8) "Withholding tax credit", a nonrefundable credit
64 against the employer's liability otherwise due under chapter
65 143, equal to all or a portion of the withholding benefit
66 authorized under a withholding agreement under this section,
67 which may be carried forward in accordance with this section.

68 3. An eligible employer may, but shall not be required
69 to, apply to enter into a withholding agreement with the
70 department of economic development under this section. For
71 all tax years beginning on or after January 1, 2027, an

72 eligible employer that enters into a withholding agreement
73 may receive a withholding benefit attributable to eligible
74 employees. The withholding benefit may be delivered either
75 as a withholding tax credit or as authorized retention of
76 state income tax withholdings, as specified in the
77 withholding agreement. The method of delivery shall not
78 affect the amount of the withholding benefit authorized
79 under this section.

80 4. (1) Applications for a withholding agreement may
81 be submitted at any time. The department of economic
82 development shall approve or deny any application for a
83 withholding agreement within forty-five calendar days of
84 receipt of a complete application. The department shall
85 approve a withholding agreement unless it determines that:

86 (a) The applicant does not meet the eligibility
87 requirements of this section; or

88 (b) The applicant is not in good standing with the
89 department of economic development or the department of
90 revenue with respect to tax compliance or reporting
91 obligations.

92 (2) Any denial shall be issued in writing and shall
93 state the specific grounds for denial. Failure of the
94 department to approve or deny an application within forty-
95 five calendar days shall result in approval of the
96 application as submitted.

97 5. The withholding benefit authorized under this
98 section shall not exceed three percent of the aggregate
99 gross wages paid to eligible employees at the innovation
100 district location during a tax year. The withholding
101 benefit may be authorized for an innovation district not to
102 exceed ten years, as specified in the withholding
103 agreement. A withholding tax credit issued under this

104 section shall be nonrefundable and may be carried forward in
105 accordance with the terms of the withholding agreement. The
106 department may establish aggregate or annual program caps by
107 rule to manage fiscal exposure.

108 6. A withholding agreement shall provide that the
109 withholding benefit is requested and authorized on a
110 quarterly basis, based on state income tax withholdings
111 attributable to covered employees during the applicable
112 calendar quarter. The department of economic development
113 may authorize a withholding agreement to permit requests on
114 a semi-annual basis, if determined appropriate based on the
115 size or nature of the employer and provided that such
116 authorization does not impart verification or compliance.
117 In no event shall a withholding agreement authorize
118 automatic retention or crediting of withholdings beyond the
119 applicable request period without review and verification as
120 required by this section.

121 7. Any withholding benefit received under this section
122 shall be used solely for qualifying reinvestment
123 expenditures. In no event shall the total amount of
124 withholding benefit received by an eligible employer exceed
125 the total amount of qualifying reinvestment expenditures
126 actually incurred and paid under the withholding agreement.

127 8. To receive and retain a withholding benefit under
128 this section, an eligible employer shall:

129 (1) Operate within an innovation district;

130 (2) Demonstrate a commitment to remain at the
131 innovation district location for not less than five years;

132 (3) Complete qualifying reinvestment expenditures
133 under the withholding agreement;

134 (4) Maintain not less than ninety-five percent of
135 baseline payroll, subject to notice and cure; and

136 (5) Submit any other information reasonably requested
137 by the department.

138 9. (1) An employer receiving a withholding benefit
139 shall submit to the department of economic development, on a
140 quarterly basis, a certification of:

141 (a) State income tax withholdings attributable to
142 eligible employees;

143 (b) Compliance with payroll maintenance requirements;
144 and

145 (c) Qualifying reinvestment expenditures incurred to
146 date.

147 (2) If the department determines that an employer is
148 not in compliance, the department shall provide written
149 notice of noncompliance. The employer shall have thirty
150 calendar days from receipt of such notice to cure the
151 noncompliance or submit a cure plan acceptable to the
152 department. If the employer fails to cure within the
153 applicable innovation district, the withholding agreement
154 may be suspended or terminated, and any excess withholding
155 benefit shall be subject to recapture as provided in the
156 agreement.

157 10. The department may authorize a withholding
158 agreement for an employer that is newly locating or
159 expanding within an innovation district, provided that
160 baseline payroll is established under the withholding
161 agreement following a reasonable ramp-up innovation district.

162 11. The department of economic development may audit
163 QREs and withholding benefit usage. Any amount determined
164 to have been improperly claimed or retained shall be repaid
165 to the state or offset against future withholding benefits,
166 as provided in the withholding agreement.

167 12. An employer may participate in the incentive
168 authorized under this section concurrently with
169 participation in the Missouri one start program under
170 sections 620.800 to 620.809, the Missouri quality jobs act
171 under sections 620.1875 to 620.1890, or the state economic
172 development programs, provided that each program's statutory
173 requirements are independently satisfied. Participation
174 under this section shall not disqualify an employer from
175 other incentives, nor shall benefits under this section be
176 aggregated for purposes of determining eligibility or
177 leverage under other programs expressly required by law.
178 The withholding tax credit under the Missouri one start
179 program under sections 620.800 to 620.809 or the Missouri
180 quality jobs act under sections 620.1875 to 620.1890 shall
181 be collected and disbursed prior to the collection and
182 disbursement of the withholding benefits under the
183 provisions of this section.

184 13. Tax credits issued under the provisions of this
185 section shall not be refundable. No tax credit claimed
186 under this section shall be assigned, transferred, sold, or
187 otherwise conveyed.

188 14. The department of economic development, in
189 coordination with the department of revenue, shall
190 promulgate all necessary rules and regulations for the
191 administration of this section. Any rule or portion of a
192 rule, as that term is defined in section 536.010, that is
193 created under the authority delegated in this section shall
194 become effective only if it complies with and is subject to
195 all of the provisions of chapter 536 and, if applicable,
196 section 536.028. This section and chapter 536 are
197 nonseverable and if any of the powers vested with the
198 general assembly pursuant to chapter 536 to review, to delay

199 the effective date, or to disapprove and annul a rule are
200 subsequently held unconstitutional, then the grant of
201 rulemaking authority and any rule proposed or adopted after
202 August 28, 2026, shall be invalid and void.

203 15. Under section 23.253 of the Missouri sunset act:

204 (1) The provisions of the new program authorized under
205 this section shall sunset ten years after the effective date
206 of this section unless reauthorized by an act of the general
207 assembly;

208 (2) This section shall terminate on September first of
209 the calendar year immediately following the calendar year in
210 which the program authorized under this section is sunset;
211 and

212 (3) Nothing in this subsection shall prevent a
213 taxpayer from claiming a tax credit properly issued before
214 this program was sunset in a tax year after the program is
215 sunset.

620.6018. 1. This section establishes an employer
2 relocation withholding tax credit incentive.

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

4 (1) "Eligible employee", an individual who:

5 (a) Relocates from a location outside the state of
6 Missouri to accept employment with an eligible employer;

7 (b) Establishes a primary residence within an
8 innovation district or a location within ten miles of an
9 innovation district, measured in a straight-line distance,
10 provided such residence is located within the state of
11 Missouri; and

12 (c) Earns annual wages of at least seventy thousand
13 dollars;

14 (2) "Eligible employer", a business entity that:

15 (a) Was not conducting business operations within the
16 state of Missouri prior to establishing operations within an
17 innovation district; and

18 (b) Establishes a business location within an
19 innovation district;

20 (3) "Eligible relocation expenses", includes
21 reasonable and necessary, one-time costs incurred in
22 connection with an eligible employee's relocation to the
23 state of Missouri, which may include:

24 (a) Moving and transportation expenses for household
25 goods and personal effects;

26 (b) Travel expenses associated with the relocation;

27 (c) Temporary housing expenses incurred during the
28 relocation period; and

29 (d) Relocation-related professional services, as
30 further defined by rule of the department of economic
31 development;

32 (4) "Primary residence", a dwelling unit located
33 within the geographic area described in paragraph (b) of
34 subdivision (1) of this subsection that the eligible
35 employee occupies as the employee's principal place of
36 residence for Missouri income tax purposes, whether owned or
37 leased, and that the employee intends to use as such
38 residence during the period required under this section;

39 (5) "State tax credit", a credit against the tax
40 otherwise due under chapter 143 or 148.

41 3. For all tax years beginning on or after January 1,
42 2027, an eligible employer shall be allowed to claim a tax
43 credit against the employer's state tax liability in an
44 amount up to five thousand dollars per tax year per eligible
45 employee for eligible relocation expenses incurred on behalf
46 of such employees.

47 4. An eligible employer applying for a state tax
48 credit under the provisions of this section shall follow the
49 application procedures established under section 620.6000
50 and any additional requirements established by the
51 department of economic development. If the employer meets
52 all criteria required under the provisions of this section
53 and section 620.6000 and approval is granted by the
54 department of economic development, the department shall
55 issue a tax credit certificate in the appropriate amount.

56 5. Tax credits issued under the provisions of this
57 section shall be refundable. Tax credits claimed under this
58 section may be carried forward to subsequent tax years up to
59 five years. No tax credit claimed under this section shall
60 be assigned, transferred, sold, or otherwise conveyed.

61 6. State tax credits claimed by an employer under this
62 section shall be recaptured by the department of revenue if
63 the eligible employee relocates to another residence that no
64 longer meets the requirements provided under this section
65 within twelve consecutive months after the state tax credit
66 is claimed. Any amount required to be recaptured shall be
67 due and payable on the tax return that is due immediately
68 following the employee's relocation.

69 7. The department of economic development, in
70 coordination with the department of revenue, shall
71 promulgate all necessary rules and regulations for the
72 administration of this section. Any rule or portion of a
73 rule, as that term is defined in section 536.010, that is
74 created under the authority delegated in this section shall
75 become effective only if it complies with and is subject to
76 all of the provisions of chapter 536 and, if applicable,
77 section 536.028. This section and chapter 536 are
78 nonseverable and if any of the powers vested with the

79 general assembly pursuant to chapter 536 to review, to delay
80 the effective date, or to disapprove and annul a rule are
81 subsequently held unconstitutional, then the grant of
82 rulemaking authority and any rule proposed or adopted after
83 August 28, 2026, shall be invalid and void.

84 8. Under section 23.253 of the Missouri sunset act:

85 (1) The provisions of the new program authorized under
86 this section shall sunset ten years after the effective date
87 of this section unless reauthorized by an act of the general
88 assembly;

89 (2) This section shall terminate on September first of
90 the calendar year immediately following the calendar year in
91 which the program authorized under this section is sunset;
92 and

93 (3) Nothing in this subsection shall prevent a
94 taxpayer from claiming a tax credit properly issued before
95 this program was sunset in a tax year after the program is
96 sunset.

620.6021. 1. This section establishes an office-to-
2 residential conversion tax credit incentive.

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

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

6 (2) "Innovation District", the program created under
7 section 620.6000;

8 (3) "Qualified conversion expenditures", any amount
9 properly chargeable to a capital account. The term
10 "qualified conversion expenditures" shall not include:

11 (a) The cost of acquisition;

12 (b) Any expenditure attributable to the enlargement of
13 an existing building; or

14 (c) Tax-exempt properties;

15 (4) "Qualified converted building", any building and
16 its structural components if:

17 (a) Prior to conversion, such building was
18 nonresidential real property, as defined in 26 U.S.C.
19 Section 168(e)(2)(B), as amended, that was leased, or
20 available for lease, to office tenants, or utilized for
21 office purposes by the owner-occupant;

22 (b) Such building has been substantially converted
23 from an office use to a predominantly residential use,
24 defined as more than fifty percent of the gross square
25 footage of the building, and may also include retail, or
26 other commercial use, and may also include accessory on-site
27 or required off-site parking;

28 (c) Such building was initially placed in service at
29 least twenty-five years before the beginning of the
30 conversion; and

31 (d) Such building was vacant or blighted and has been
32 substantially converted from office use to residential or
33 mixed-use;

34 (5) "Substantially converted", qualified conversion
35 expenditures incurred during the twenty-four-month period
36 preceding final approval of tax credits that in total are
37 greater than:

38 (a) The adjusted basis of such building and its
39 structural components, as determined as of the beginning of
40 the first day of such twenty-four-month period, or of the
41 holding period of the building, whichever is later; or

42 (b) Fifteen thousand dollars if the property is
43 located in a qualified Missouri main street district, or
44 five hundred thousand dollars if the property is not located
45 in a qualified Missouri main street district. In the case
46 of any conversion that may reasonably be expected to be

47 completed in phases set forth in architectural plans and
48 specifications completed before the conversion begins,
49 qualified conversion expenditures shall be totaled for the
50 sixty-month period preceding final approval of tax credits
51 rather than the twenty-four-month period preceding such
52 final approval;

53 (6) "Tax credit", the office-to-residential conversion
54 tax credit authorized by this section, which may be applied,
55 at the election of the taxpayer, against:

56 (a) The taxpayer's liability under chapter 143; or
57 (b) The taxpayer's liability for state sales and use
58 taxes under chapter 144;

59 (7) "Upper-floor housing", any housing that is
60 attached to or contained in the same building as commercial
61 property, whether located on the ground floor behind the
62 traditional storefront or on other floors of the property.

63 3. (1) For all tax years beginning on or after
64 January 1, 2027, the department shall issue a taxpayer a tax
65 credit up to twenty-five percent of qualified conversion
66 expenditures with respect to a qualified converted building
67 or upper-floor housing located in a qualified innovation
68 district. If the amount of such tax credit exceeds the
69 taxpayer's state tax liability for the year in which tax
70 credits are issued, the amount that exceeds the state tax
71 liability may be carried back to any of the three preceding
72 tax years or carried forward for credit against state tax
73 liability for the succeeding ten tax years, or until the
74 full credit is used, whichever occurs first.

75 (2) Tax credits authorized under this section may be
76 transferred, sold, or assigned, and shall retain the same
77 attributes as in the hands of the assignor. Tax credits may
78 be transferred multiple times. In order to transfer a tax

79 credit authorized under this section, the assignor and
80 assignee shall complete and submit a tax credit transfer
81 form provided by the department of revenue. Such transfers
82 may be facilitated through an intermediary entity as
83 permitted by law without affecting the nature or attributes
84 of the tax credit.

85 (3) Tax credits authorized for a partnership, a
86 limited liability company taxed as a partnership, or
87 multiple owners of property shall be passed through to the
88 partners, members, or owners respectively pro rata, or under
89 an executed agreement among the partners, members, or owners
90 documenting an alternate distribution method.

91 (4) The assignee of a tax credit may use the acquired
92 tax credits to offset up to one hundred percent of the
93 taxpayer's state tax liability. The assignor shall perfect
94 such transfer by notifying the department in writing within
95 thirty calendar days following the effective date of the
96 transfer and shall provide any information as may reasonably
97 be required by the department.

98 4. (1) For all tax years beginning on or after
99 January 1, 2027, the department shall issue a taxpayer a tax
100 credit up to thirty percent of qualified conversion
101 expenditures with respect to upper-floor housing located in
102 a qualified Missouri main street district. If the amount of
103 such tax credit exceeds the taxpayer's state tax liability
104 for the year in which tax credits are issued, the amount
105 that exceeds the state tax liability may be carried back to
106 any of the three preceding tax years or carried forward for
107 credit against state tax liability for the succeeding ten
108 tax years, or until the full credit is used, whichever
109 occurs first.

110 (2) Tax credits authorized under this section may be
111 transferred, sold, or assigned, and shall retain the same
112 attributes as in the hands of the assignor. Tax credits may
113 be transferred multiple times. In order to transfer a tax
114 credit authorized under this section, the assignor and
115 assignee shall complete and submit a tax credit transfer
116 form provided by the department of revenue. Such transfers
117 may be facilitated through an intermediary entity as
118 permitted by law without affecting the nature or attributes
119 of the tax credit.

120 (3) Tax credits authorized for a partnership, a
121 limited liability company taxed as a partnership, or
122 multiple owners of property shall be passed through to the
123 partners, members, or owners respectively pro rata, or under
124 an executed agreement among the partners, members, or owners
125 documenting an alternate distribution method.

126 (4) The assignee of a tax credit may use the acquired
127 tax credits to offset up to one hundred percent of the
128 taxpayer's state tax liability. The assignor shall perfect
129 such transfer by notifying the department in writing within
130 thirty calendar days following the effective date of the
131 transfer and shall provide any information as may be
132 required by the department.

133 5. (1) The total amount of tax credits authorized
134 under this section shall not exceed fifty million dollars in
135 any fiscal year.

136 (2) Fifty percent of the maximum amount of tax credits
137 available to be authorized to taxpayers in a fiscal year
138 under this section shall be authorized solely for structures
139 of more than seven hundred fifty thousand gross square
140 feet. If the total amount of such reserved tax credits has
141 been authorized, structures of more than seven hundred fifty

142 thousand gross square feet may receive tax credits from the
143 remaining unreserved amount of tax credits. If the total
144 amount of reserved tax credits has not been authorized by
145 the department, structures of less than seven hundred fifty
146 thousand gross square feet may be authorized to receive tax
147 credits from such reserved amount. The total amount of tax
148 credits for a structure of more than seven hundred fifty
149 thousand gross square feet may be allocated to the annual
150 limits provided in this section over a period of up to ten
151 years if:

152 (a) The project otherwise meets all the requirements
153 of this section and section 620.6000; and

154 (b) The project meets the ten percent incurred costs
155 test under this section within thirty-six months after an
156 award is authorized.

157 Nothing in this subsection shall be construed to require
158 allocation over multiple tax years where sufficient annual
159 capacity exists.

160 (3) Twenty-five percent of the maximum amount of tax
161 credits available to be authorized to taxpayers in a fiscal
162 year under this section shall be authorized solely for upper-
163 floor housing projects located in a qualified Missouri main
164 street district. If the total amount of such reserved tax
165 credits have been authorized, upper-floor housing projects
166 located in a qualified Missouri main street district may
167 receive tax credits from the remaining unreserved amount of
168 tax credits. If the total amount of reserved tax credits
169 has not been authorized by the department, projects not
170 located in a qualified Missouri main street district may be
171 authorized tax credits from such reserved amount.

172 (4) If the maximum amount of tax credits allowed in
173 any fiscal year, as provided under this section, is
174 authorized, the maximum amount of tax credits allowed under
175 this section shall be adjusted by the percentage increase in
176 the Consumer Price Index for All Urban Consumers, or its
177 successor index, as such index is defined and officially
178 reported by the United States Department of Labor, or its
179 successor agency, beginning in the fiscal year following any
180 fiscal year in which the full annual cap is authorized.
181 Only one such adjustment shall be made for each instance in
182 which the provisions of this subsection apply. The
183 department shall publish such adjusted amount.

184 6. In the event the department authorizes tax credits
185 equal to the total amount available under this section, or
186 sufficient that when totaled with all other approvals, the
187 amount available under this section is exhausted, all
188 taxpayers with applications then awaiting approval or
189 thereafter submitted for approval shall be notified by the
190 department that no additional approvals shall be granted
191 during the fiscal year and shall be notified of the priority
192 given to such taxpayer's application then awaiting
193 approval. Such applications shall be kept on file by the
194 department and shall be considered for approval for tax
195 credits in the order established in this section in the
196 event that additional tax credits become available due to
197 the rescission of approvals, or when a new fiscal year's
198 allocation of tax credits becomes available for approval.

199 7. (1) To obtain approval for tax credits under this
200 section, a taxpayer shall submit to the department an
201 application for preliminary approval for tax credit
202 authorization. The department shall have sixty calendar
203 days to review the application and shall notify the

204 applicant in writing within thirty calendar days of the
205 decision of whether the application has been authorized for
206 tax credits. Each application for approval, including any
207 applications received for supplemental allocations of tax
208 credits, as provided under this section, shall be authorized
209 for tax credits in the order of submission.

210 (2) Each application shall be reviewed by the
211 department for approval. In order to receive approval, an
212 application shall include:

213 (a) Proof of ownership or site control. Proof of
214 ownership shall include evidence that the taxpayer is the
215 fee simple owner of the eligible property, such as a
216 warranty deed or a closing statement. Proof of site control
217 may be evidenced by a leasehold interest or an option to
218 acquire such an interest. If the taxpayer is in the process
219 of acquiring fee simple ownership, proof of site control
220 shall include an executed sales contract or an executed
221 option to purchase the eligible property;

222 (b) Floor plans of the existing structure,
223 architectural plans and, where applicable, plans of the
224 proposed conversion of the structure, as well as proposed
225 additions;

226 (c) The estimated cost of conversion, the anticipated
227 total costs of the project, the actual basis of the
228 property, as shown by proof of actual acquisition costs, the
229 anticipated total labor costs, the estimated project start
230 date, and the estimated project completion date;

231 (d) Proof that the property is an eligible property;

232 (e) A copy of all land use and building approvals
233 reasonably necessary for the commencement of the project; and

234 (f) Any other information that the department may
235 reasonably require to review the project for approval to
236 determine compliance with the requirements of this section.

237 8. Only the property for which a property address is
238 provided in the application shall be reviewed for approval.
239 Once selected for review, a taxpayer shall not be permitted
240 to request the review of another property for approval in
241 the place of the property contained in such application.
242 Any disapproved application shall be removed from the review
243 process. If an application is removed from the review
244 process, the department shall notify the taxpayer in writing
245 of the decision to remove such application. The taxpayer
246 may subsequently submit a revised application. For the
247 purposes of determining the order of submission and
248 authorization of credits, the revised application shall be
249 considered a new application.

250 9. The department shall use the innovation district
251 master scorecard under sections 620.6000 to 620.6024 for the
252 approval of the proposed project and to determine the credit
253 amount. The applicant shall receive a score of at least
254 fifty points to qualify for the lowest tier of incentive,
255 which is a ten percent credit.

256 10. If the department determines that the application
257 meets the requirements of this section and section 620.6000
258 to receive an authorization of tax credits, the taxpayer
259 shall be notified in writing within forty-five days of the
260 approval for an amount of tax credits equal to the amounts
261 provided in this section, subject to the provisions of
262 section 620.6000, unless approval of such credits would
263 cause the total aggregate amount of tax credits approved
264 under this section for all projects in the applicable tax
265 year to exceed the annual limitation established herein.

266 Tax credits approved under this section shall be approved
267 and administered independently of any other state tax credit
268 program and shall not be aggregated or evaluated in
269 combination with other state tax credits for purposes of
270 determining eligibility, scoring, leverage ratios, or
271 maximum award limitations under such other programs. Such
272 approvals shall be granted to applications in the order of
273 priority established under this section and shall require
274 full compliance thereafter with all other requirements of
275 law as a condition to any claim for such tax credits.

276 11. Following approval of an application, the identity
277 of the taxpayer contained in such application shall not be
278 modified except:

279 (1) The taxpayer may add partners, members, or
280 shareholders as part of the ownership structure, so long as
281 the principal remains the same; provided, however, that
282 subsequent to the commencement of renovation and the
283 expenditure of at least ten percent of the proposed
284 rehabilitation budget, removal of the principal for failure
285 to perform duties and the appointment of a new principal
286 thereafter shall not constitute a change of the principal; or

287 (2) Where the ownership of the project is changed due
288 to a foreclosure, deed in lieu of a foreclosure or voluntary
289 conveyance, or a transfer in bankruptcy.

290 12. Upon approval of a tax credit application, a
291 taxpayer shall:

292 (1) Submit within one hundred twenty days from the
293 date of the award of such credits, evidence of the capacity
294 of the applicant to finance the costs and expenses for the
295 conversion of the eligible property in the form of a line of
296 credit or letter of commitment subject to the lender's
297 termination for a material adverse change impacting the

298 extension of credit. If the department determines that a
299 taxpayer has failed to comply with the requirements of this
300 subdivision, the department shall notify the applicant of
301 such failure and the applicant shall have a thirty-day
302 period from the date of such notice to submit additional
303 evidence to remedy the failure; and

304 (2) Commence conversion within twelve months of the
305 date of issuance of the letter from the department granting
306 the approval for tax credits. For the purposes of this
307 subsection, "commence conversion" shall mean that, as of the
308 date in which actual physical work, contemplated by the
309 architectural plans submitted with the application, has
310 begun, the taxpayer has incurred no less than ten percent of
311 the estimated hard construction costs provided in the
312 application. Taxpayers with approval of a project shall
313 submit evidence of compliance with the provisions of this
314 subsection. If the department determines that a taxpayer
315 has failed to comply with the requirements of this
316 subdivision, the department shall provide the taxpayer
317 written notice of noncompliance. The taxpayer shall have
318 thirty calendar days from receipt of such notice to respond
319 in writing to the department and demonstrate that conversion
320 has commenced, substantial steps toward commencement have
321 been taken, or good cause exists for the delay. Upon a
322 showing of good cause, including delays beyond the
323 taxpayer's reasonable control, the department shall grant a
324 cure period of not less than ninety calendar days to allow
325 commencement of conversion. Tax credits approved under this
326 section shall be rescinded only if the taxpayer fails to
327 commence conversion within the applicable period following
328 written notice and opportunity to cure. Rescinded tax
329 credits shall be included in the total amount of tax credits

330 from which approvals may be granted. In such a case, the
331 applicant may submit a new application for the project.

332 13. To claim a tax credit authorized under this
333 section, a taxpayer with approval shall apply for final
334 approval and issuance of tax credits from the department,
335 which shall determine the final amount of qualified
336 conversion expenditures and whether the project meets the
337 requirements of this section. A taxpayer shall submit to
338 the department a final application demonstrating:

339 (1) That the taxpayer has substantially converted a
340 qualified converted building or upper-floor housing;

341 (2) Satisfactory evidence of any qualified conversion
342 expenditures for the structure, as determined by the
343 department; and

344 (3) Any other information reasonably requested by the
345 department to verify qualified conversion expenditures or
346 compliance with the requirements of this section or section
347 620.6000.

348 14. For financial institutions, tax credits authorized
349 under this section shall be deemed to be redevelopment tax
350 credits for the purposes of sections 135.800 to 135.830.

351 The approval of all applications and the issuing of
352 certificates of eligible tax credits to taxpayers shall be
353 performed by the department. The department shall inform a
354 taxpayer of final approval by letter and shall issue to the
355 taxpayer tax credit certificates. The taxpayer shall attach
356 the certificate to all Missouri tax returns on which the
357 credit is claimed.

358 15. (1) The department shall issue seventy-five
359 percent of the approved tax credits under this section
360 within forty-five calendar days of receiving all required
361 final application materials. Within ninety calendar days of

362 receiving all required final application materials, the
363 department shall make a final determination of costs and
364 issue the remaining twenty-five percent of approved tax
365 credits, or request repayment from the applicant if the
366 final determination results in an over-issuance of tax
367 credits. In the event the amount of qualified conversion
368 expenditures incurred by a taxpayer would result in the
369 issuance of an amount of tax credits in excess of the amount
370 authorized under this section, such taxpayer may apply to
371 the department for issuance of tax credits in an amount
372 equal to such excess. Applications for issuance of tax
373 credits in excess of the amount provided under a taxpayer's
374 application shall be made on a form prescribed by the
375 department. Such applications shall be subject to all
376 provisions regarding priority provided under this section.

377 (2) For tax credits authorized under this section, the
378 applicant may submit to the department an application for
379 the issuance of tax credits annually prior to final
380 completion of the project. Upon approval of the annual
381 application for issuance, the department shall issue eighty
382 percent of the amount of tax credits that would result from
383 the qualified conversion expenditures, provided the total
384 amount of credits issued to date does not exceed the total
385 amount of credits authorized for the project to date. Any
386 remaining authorized tax credits shall be issued upon the
387 final approval of the project. The department shall issue
388 eighty percent of the approved credits within forty-five
389 calendar days of receiving all required application
390 materials. Within ninety calendar days of receiving all
391 required application materials, the department shall make a
392 final determination of costs and issue any remaining
393 authorized tax credits upon the final completion of the

394 phased project, or request repayment if an over-issuance of
395 credits is determined.

396 16. No taxpayer shall be issued tax credits for
397 qualified conversion expenditures on a qualified converted
398 building within twenty-seven years of a previous issuance of
399 tax credits under this section on such qualified converted
400 buildings.

401 17. The department, in coordination with the
402 department of revenue, shall promulgate all necessary rules
403 and regulations to administer the provisions of this
404 section. Any rule or portion of a rule, as that term is
405 defined in section 536.010, that is created under the
406 authority delegated in this section shall become effective
407 only if it complies with and is subject to all of the
408 provisions of chapter 536 and, if applicable, section
409 536.028. This section and chapter 536 are nonseverable and
410 if any of the powers vested with the general assembly
411 pursuant to chapter 536 to review, to delay the effective
412 date, or to disapprove and annul a rule are subsequently
413 held unconstitutional, then the grant of rulemaking
414 authority and any rule proposed or adopted after August 28,
415 2026, shall be invalid and void.

416 18. Under section 23.253 of the Missouri sunset act:

417 (1) The provisions of the new program authorized under
418 this section shall sunset ten years after the effective date
419 of this section unless reauthorized by an act of the general
420 assembly;

421 (2) This section shall terminate on September first of
422 the calendar year immediately following the calendar year in
423 which the program authorized under this section is sunset;
424 and

425 (3) The provisions of this subsection shall not be
426 construed to limit or in any way impair:

427 (a) A taxpayer's ability to complete a project and
428 receive authorization for tax credits for any project for
429 which the taxpayer has submitted an initial application on
430 or before the date the program authorized under this section
431 expires; or

432 (b) The department of revenue's ability to redeem tax
433 credits authorized on or before the date the program
434 authorized under this section expires, or a taxpayer's
435 ability to redeem such tax credits.

620.6024. 1. This section establishes a "Missouri
2 Opportunity Zone", an overlay of the innovation district, to
3 encourage long-term private investment in innovation
4 districts by allowing the deferral and potential exclusion
5 of Missouri income tax liabilities when such amounts are
6 reinvested into qualifying property or businesses located
7 within such districts.

8 2. For purposes of this section, the following terms
9 mean:

10 (1) "Equity investment", an ownership interest in an
11 operating business or investment property, whether held
12 directly or indirectly, including as a general partner,
13 limited partner, member, or shareholder, that is subject to
14 the risks of the enterprise and does not constitute
15 indebtedness or a loan obligation;

16 (2) "Inclusion event", any event that terminates or
17 partially terminates deferral under this section, as set
18 forth in subsection 4 of this section;

19 (3) "Innovation district", a district designated under
20 sections 620.6000 to 620.6024;

21 (4) "Investment property", real property located
22 within a Missouri opportunity zone that is acquired, held,
23 or improved for purposes of commercial, residential, or
24 mixed-use investment, whether or not such property is income-
25 producing or cash-flowing at the time of acquisition, and
26 that is not treated as an operating business for purposes of
27 this section;

28 (5) "Missouri income tax liability", Missouri income
29 tax otherwise due under chapter 143 for a tax year;

30 (6) "Missouri opportunity zone", any innovation
31 district designated under sections 620.6000 to 620.6024
32 within which private capital investment is encouraged
33 through the deferral and potential exclusion of Missouri
34 income tax liabilities when such liabilities are reinvested
35 into qualifying property or operating businesses located
36 within such district;

37 (7) "Operating business", a trade or business that is
38 located within and conducts a substantial portion of its
39 active trade or business operations within a Missouri
40 opportunity zone, including the production of income through
41 the provision of goods or services, employment or personnel,
42 or leasing of space as part of an active business enterprise;

43 (8) "Qualified Missouri opportunity zone fund", an
44 entity organized for the purpose of investing in one or more
45 qualified Missouri opportunity zone investments,
46 substantially all of the assets of which consist of such
47 investments, as measured on the last day of the first six-
48 month period of the fund's tax year and the last day of the
49 fund's tax year, and that is certified or otherwise approved
50 by the department of economic development in accordance with
51 rules promulgated under this section. Use of a qualified

52 Missouri opportunity zone fund shall be permitted but not
53 required;

54 (9) "Qualified Missouri opportunity zone investment",
55 an equity investment in:

56 (a) Investment property located within a Missouri
57 opportunity zone; or

58 (b) An operating business that is located within and
59 conducts a substantial portion of its active trade or
60 business operations within a Missouri opportunity zone;

61 (10) "Taxpayer", a person subject to Missouri income
62 tax under chapter 143, including income reported on a pass-
63 through basis by an owner, partner, or member of a
64 partnership, limited liability company, or S corporation.
65 The term "taxpayer" shall not include any entity subject to
66 Missouri corporate income tax, including any C corporation.

67 3. (1) A taxpayer may elect to defer payment of
68 Missouri income tax otherwise due for a tax year if the
69 amount of such Missouri income tax liability is invested, in
70 the manner prescribed by this section, into a qualified
71 Missouri opportunity zone investment.

72 (2) The deferral authorized by this subsection shall
73 apply to ordinary Missouri income tax liabilities.

74 (3) Eligibility under this section shall not be
75 conditioned on the residency of the taxpayer, provided that
76 the deferral authorized by this section shall apply only for
77 tax years in which the taxpayer remains subject to Missouri
78 income tax under chapter 143.

79 (4) The election to defer Missouri income tax under
80 this section may be made with respect to all or any portion
81 of a taxpayer's Missouri income tax liability for a tax
82 year, in the manner prescribed by the department of revenue.

83 4. To qualify for deferral under this section, a
84 taxpayer shall make a qualified Missouri opportunity zone
85 investment not later than one hundred eighty days after the
86 close of the tax year for which the Missouri income tax
87 liability is otherwise due.

88 5. The deferral of Missouri income tax under this
89 section shall continue until the earliest occurrence of an
90 inclusion event, including:

91 (1) The sale, exchange, or other disposition of the
92 qualified Missouri opportunity zone investment;

93 (2) When the investment ceases to qualify as a
94 qualified Missouri opportunity zone investment;

95 (3) Ten years from the date of the qualified Missouri
96 opportunity zone investment;

97 (4) In the case of an operating business, the failure
98 to commence substantial active trade or business operations
99 within twenty-four months of the initial qualified Missouri
100 opportunity zone investment, as determined by the department
101 of economic development; or

102 (5) (a) In the case of investment property, failure
103 to satisfy the requirements of paragraph (b) of this
104 subdivision.

105 (b) A qualified Missouri opportunity zone investment
106 in investment property shall continue to qualify for
107 deferral under this section so long as one or more of the
108 following conditions is satisfied:

109 a. The investment property is placed into active
110 commercial or residential use, including leasing, occupancy,
111 or other income-producing operation, within thirty months
112 following the qualified Missouri opportunity zone
113 investment; or

114 b. Within thirty months of the date of the initial
115 qualified Missouri opportunity zone investment in the
116 investment property, the taxpayer, either directly or
117 through one or more affiliated entities, invests an amount
118 equal to or greater than the adjusted basis of the property,
119 excluding land, in improvements that materially enhance the
120 value, utility, or productive use of the property. For
121 purposes of this subparagraph, the required investment
122 amount may be satisfied through any combination of capital
123 contributions, including amounts attributable to Missouri
124 income tax deferred under this section and other cash or
125 equity contributions invested in the property. Debt
126 financing shall not be treated as an equity investment for
127 purposes of satisfying this test.

128 6. In the case of a qualified Missouri opportunity
129 zone investment, if such operating business or investment
130 property generates net income attributable to the investment
131 during any tax year prior to an inclusion event or the
132 expiration of the deferral period, the amount of Missouri
133 income tax previously deferred under this section shall be
134 included in Missouri taxable income for such tax year in an
135 amount equal to the net income so generated, and any
136 remaining deferred amount shall continue to be deferred in
137 accordance with this section.

138 7. If a taxpayer holds a qualified Missouri
139 opportunity investment for a period of not less than ten
140 years, any gain attributable to such investment and
141 recognized for Missouri income tax purposes upon disposition
142 shall be excluded from Missouri taxable income.

143 8. The Missouri opportunity zone program shall operate
144 independently of federal opportunity zone law.
145 Participation in, qualification for, or designation as a

146 federal opportunity zone shall not be required to qualify
147 for benefits under this section.

148 9. The department of revenue and the department of
149 economic development may adopt rules to coordinate benefits
150 under this section with other state tax incentives to
151 prevent the deferral or exclusion of the same Missouri
152 income tax liability from being claimed more than once.

153 10. Notwithstanding the repeal, expiration, or
154 nonrenewal of this section, any taxpayer that has made a
155 qualified Missouri opportunity zone investment prior to such
156 repeal, expiration, or nonrenewal shall remain eligible for
157 the deferral and exclusion benefits provided under this
158 section with respect to such investment, subject to the
159 terms and conditions in effect at the time the investment
160 was made.

161 11. The department of revenue, in consultation with
162 the department of economic development, shall administer
163 this section and may require reasonable documentation to
164 verify:

- 165 (1) The amount of Missouri income tax deferred;
166 (2) The nature and location of the qualified Missouri
167 opportunity zone investment; and
168 (3) Compliance with the investment timing, active use,
169 capital deployment, holding period, and inclusion-event
170 requirements of this section.

171 12. The department of economic development shall
172 promulgate rules to implement this section. Such rules
173 shall be consistent with and reasonably necessary to carry
174 out the purposes, structure, and operative provisions of
175 this section, including the encouragement of long-term,
176 productive investment within Missouri opportunity zones and
177 the prevention of tax deferral without meaningful economic

178 activity. Rules promulgated under this subsection shall not
179 expand or restrict eligibility, alter the nature of
180 qualifying investments, or modify the deferral, inclusion,
181 or exclusion mechanics established by this section. Any
182 rule or portion of a rule, as that term is defined in
183 section 536.010, that is created under the authority
184 delegated in this section shall become effective only if it
185 complies with and is subject to all of the provisions of
186 chapter 536 and, if applicable, section 536.028. This
187 section and chapter 536 are nonseverable and if any of the
188 powers vested with the general assembly pursuant to chapter
189 536 to review, to delay the effective date, or to disapprove
190 and annul a rule are subsequently held unconstitutional,
191 then the grant of rulemaking authority and any rule proposed
192 or adopted after August 28, 2026, shall be invalid and void.

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