

SECOND REGULAR SESSION

HOUSE BILL NO. 1445

96TH GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVES SMITH (71) (Sponsor), CARTER, STREAM,
McGEOGHEGAN AND MEADOWS (Co-sponsors).

4859L.011

D. ADAM CRUMBLISS, Chief Clerk

AN ACT

To repeal sections 135.535 and 135.562, RSMo, and to enact in lieu thereof two new sections relating to tax credits for renovations for disability access.

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

Section A. Sections 135.535 and 135.562, RSMo, are repealed and two new sections enacted in lieu thereof, to be known as sections 135.535 and 135.562, to read as follows:

135.535. 1. A corporation, limited liability corporation, partnership or sole proprietorship, which moves its operations from outside Missouri or outside a distressed community into a distressed community, or which commences operations in a distressed community on or after January 1, 1999, and in either case has more than seventy-five percent of its employees at the facility in the distressed community, and which has fewer than one hundred employees for whom payroll taxes are paid, and which is a manufacturing, biomedical, medical devices, scientific research, animal research, computer software design or development, computer programming, including Internet, web hosting, and other information technology, wireless or wired or other telecommunications or a professional firm shall receive a forty percent credit against income taxes owed pursuant to chapter 143, 147 or 148, other than taxes withheld pursuant to sections 143.191 to 143.265, for each of the three years after such move, if approved by the department of economic development, which shall issue a certificate of eligibility if the department determines that the taxpayer is eligible for such credit. The maximum amount of credits per taxpayer set forth in this subsection shall not exceed one hundred twenty-five thousand dollars for each of the three years for which the credit is claimed. The department of economic development, by means of rule or regulation promulgated pursuant to the provisions

EXPLANATION — Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted from the law. Matter in **bold-face** type in the above bill is proposed language.

17 of chapter 536, shall assign appropriate North American Industry Classification System numbers
18 to the companies which are eligible for the tax credits provided for in this section. Such
19 three-year credits shall be awarded only one time to any company which moves its operations
20 from outside of Missouri or outside of a distressed community into a distressed community or
21 to a company which commences operations within a distressed community. A taxpayer shall file
22 an application for certification of the tax credits for the first year in which credits are claimed and
23 for each of the two succeeding taxable years for which credits are claimed.

24 2. Employees of such facilities physically working and earning wages for that work
25 within a distressed community whose employers have been approved for tax credits pursuant to
26 subsection 1 of this section by the department of economic development for whom payroll taxes
27 are paid shall also be eligible to receive a tax credit against individual income tax, imposed
28 pursuant to chapter 143, equal to one and one-half percent of their gross salary paid at such
29 facility earned for each of the three years that the facility receives the tax credit provided by this
30 section, so long as they were qualified employees of such entity. The employer shall calculate
31 the amount of such credit and shall report the amount to the employee and the department of
32 revenue.

33 3. A tax credit against income taxes owed pursuant to chapter 143, 147 or 148, other than
34 the taxes withheld pursuant to sections 143.191 to 143.265, in lieu of the credit against income
35 taxes as provided in subsection 1 of this section, may be taken by such an entity in a distressed
36 community in an amount of forty percent of the amount of funds expended for computer
37 equipment and its maintenance, medical laboratories and equipment, research laboratory
38 equipment, manufacturing equipment, fiber optic equipment, high speed telecommunications,
39 wiring or software development expense up to a maximum of seventy-five thousand dollars in
40 tax credits for such equipment or expense per year per entity and for each of three years after
41 commencement in or moving operations into a distressed community.

42 4. A corporation, partnership or sole partnership, which has no more than one hundred
43 employees for whom payroll taxes are paid, which is already located in a distressed community
44 and which expends funds for such equipment pursuant to subsection 3 of this section in an
45 amount exceeding its average of the prior two years for such equipment, shall be eligible to
46 receive a tax credit against income taxes owed pursuant to chapters 143, 147 and 148 in an
47 amount equal to the lesser of seventy-five thousand dollars or twenty-five percent of the funds
48 expended for such additional equipment per such entity. Tax credits allowed pursuant to this
49 subsection or subsection 1 of this section may be carried back to any of the three prior tax years
50 and carried forward to any of the **next** five tax years.

51 5. An existing corporation, partnership or sole proprietorship that is located within a
52 distressed community and that relocates employees from another facility outside of the distressed

53 community to its facility within the distressed community, and an existing business located
54 within a distressed community that hires new employees for that facility may both be eligible for
55 the tax credits allowed by subsections 1 and 3 of this section. To be eligible for such tax credits,
56 such a business, during one of its tax years, shall employ within a distressed community at least
57 twice as many employees as were employed at the beginning of that tax year. A business hiring
58 employees shall have no more than one hundred employees before the addition of the new
59 employees. This subsection shall only apply to a business which is a manufacturing, biomedical,
60 medical devices, scientific research, animal research, computer software design or development,
61 computer programming or telecommunications business, or a professional firm.

62 6. Tax credits shall be approved for applicants meeting the requirements of this section
63 in the order that such applications are received. Certificates of tax credits issued in accordance
64 with this section may be transferred, sold or assigned by notarized endorsement which names the
65 transferee.

66 7. The tax credits allowed pursuant to subsections 1, 2, 3, 4 and 5 of this section shall
67 be for an amount of no more than ten million dollars for each year beginning in 1999. [To the
68 extent there are available tax credits remaining under the ten million dollar cap provided in this
69 section, up to one hundred thousand dollars in the remaining credits shall first be used for tax
70 credits authorized under section 135.562.] The total maximum credit for all entities already
71 located in distressed communities and claiming credits pursuant to subsection 4 of this section
72 shall be seven hundred and fifty thousand dollars. The department of economic development in
73 approving taxpayers for the credit as provided for in subsection 6 of this section shall use
74 information provided by the department of revenue regarding taxes paid in the previous year, or
75 projected taxes for those entities newly established in the state, as the method of determining
76 when this maximum will be reached and shall maintain a record of the order of approval. Any
77 tax credit not used in the period for which the credit was approved may be carried over until the
78 full credit has been allowed.

79 8. A Missouri employer relocating into a distressed community and having employees
80 covered by a collective bargaining agreement at the facility from which it is relocating shall not
81 be eligible for the credits in subsection 1, 3, 4 or 5 of this section, and its employees shall not be
82 eligible for the credit in subsection 2 of this section if the relocation violates or terminates a
83 collective bargaining agreement covering employees at the facility, unless the affected collective
84 bargaining unit concurs with the move.

85 9. Notwithstanding any provision of law to the contrary, no taxpayer shall earn the tax
86 credits allowed in this section and the tax credits otherwise allowed in section 135.110, or the
87 tax credits, exemptions, and refund otherwise allowed in sections 135.200, 135.220, 135.225 and
88 135.245, respectively, for the same business for the same tax period.

135.562. 1. If any taxpayer with a federal adjusted gross income of thirty thousand dollars or less incurs costs for the purpose of making all or any portion of such taxpayer's principal dwelling accessible to an individual with a disability who permanently resides with the taxpayer, such taxpayer shall receive a tax credit against such taxpayer's Missouri income tax liability in an amount equal to the lesser of one hundred percent of such costs or two thousand five hundred dollars per taxpayer, per tax year.

2. Any taxpayer with a federal adjusted gross income greater than thirty thousand dollars but less than sixty thousand dollars who incurs costs for the purpose of making all or any portion of such taxpayer's principal dwelling accessible to an individual with a disability who permanently resides with the taxpayer shall receive a tax credit against such taxpayer's Missouri income tax liability in an amount equal to the lesser of fifty percent of such costs or two thousand five hundred dollars per taxpayer per tax year. No taxpayer shall be eligible to receive tax credits under this section in any tax year immediately following a tax year in which such taxpayer received tax credits under the provisions of this section.

3. Tax credits issued pursuant to this section may be refundable in an amount not to exceed two thousand five hundred dollars per tax year.

4. Eligible costs for which the credit may be claimed include:

- (1) Constructing entrance or exit ramps;
- (2) Widening exterior or interior doorways;
- (3) Widening hallways;
- (4) Installing handrails or grab bars;
- (5) Moving electrical outlets and switches;
- (6) Installing stairway lifts;
- (7) Installing or modifying fire alarms, smoke detectors, and other alerting systems;
- (8) Modifying hardware of doors; or
- (9) Modifying bathrooms.

5. The tax credits allowed, including the maximum amount that may be claimed, pursuant to this section shall be reduced by an amount sufficient to offset any amount of such costs a taxpayer has already deducted from such taxpayer's federal adjusted gross income or to the extent such taxpayer has applied any other state or federal income tax credit to such costs.

6. A taxpayer shall claim a credit allowed by this section in the same taxable year as the credit is issued, and at the time such taxpayer files his or her Missouri income tax return; provided that such return is timely filed.

7. The department may, in consultation with the department of social services, promulgate such rules or regulations as are necessary to administer the provisions of this section. Any rule or portion of a rule, as that term is defined in section 536.010, that is created under the

37 authority delegated in this section shall become effective only if it complies with and is subject
38 to all of the provisions of chapter 536 and, if applicable, section 536.028. This section and
39 chapter 536 are nonseverable and if any of the powers vested with the general assembly pursuant
40 to chapter 536 to review, to delay the effective date or to disapprove and annul a rule are
41 subsequently held unconstitutional, then the grant of rulemaking authority and any rule proposed
42 or adopted after August 28, 2007, shall be invalid and void.

43 8. The provisions of this section shall apply to all tax years beginning on or after
44 January 1, 2008.

45 9. The provisions of this section shall expire December 31, [2013] **2016. The**
46 **provisions of this subsection shall not be construed to limit or in any way impair the**
47 **department's ability to issue tax credits authorized on or before December 31, 2016, or a**
48 **taxpayer's ability to redeem such tax credits.**

49 10. In no event shall the aggregate amount of all tax credits allowed pursuant to this
50 section exceed one hundred thousand dollars in any given fiscal year. The tax credits issued
51 pursuant to this section shall be on a first-come, first-served filing basis.

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