

HCS HB 1723 & 1130 -- DISTRESSED AREAS LAND ASSEMBLAGE TAX CREDIT

SPONSOR: Zerr (Torpey)

COMMITTEE ACTION: Voted "do pass" by the Committee on Economic Development by a vote of 22 to 1.

This substitute changes the laws regarding the Distressed Areas Land Assemblage Tax Credit. The definition of "eligible project area" is revised to include a redevelopment area as defined under the Real Property Tax Increment Allocation Redevelopment Act that contains at least 300 acres in 80 or more parcels, includes or previously included in excess of one million square feet of commercial building space, and is located within a low-income community as defined in 26 U.S.C. Section 45D as of January 1, 2011.

The provision is removed which restricts an applicant from receiving a tax credit for acquisition and interest costs of an eligible parcel for only up to five years. The substitute allows a tax credit for 100% of the reasonable demolition costs. Currently, the credit is for 50% of those costs. An applicant is allowed to file for the tax credit quarterly. Currently, the applicant can only file annually.

The annual program cap is increased from \$20 million to \$30 million, but the aggregate program cap remains at \$95 million. A process is established for allocating the annual \$30 million in tax credits depending upon the number of eligible applicants. No single applicant can receive more than 50% of the annual \$30 million tax credits.

The substitute extends the provisions regarding the credit from August 28, 2013, to August 28, 2016.

FISCAL NOTE: Estimated Net Cost on General Revenue Fund of \$0 to \$10,000,000 in FY 2013, FY 2014, and FY 2015. No impact on Other State Funds in FY 2013, FY 2014, and FY 2015.

PROPONENTS: Supporters say that the bills are essential to economic development.

Testifying for the bills were Representatives Torpey, Brown (50), and Talboy; Chase Simmons, Three Trails Development; Kansas City Missouri; Missouri Chamber of Commerce and Industry; and Missouri Municipal League.

OPPONENTS: There was no opposition voiced to the committee.