

SENATE SUBSTITUTE

FOR

SENATE COMMITTEE SUBSTITUTE

FOR

HOUSE COMMITTEE SUBSTITUTE

FOR

HOUSE BILL NO. 327

AN ACT

To repeal sections 32.105, 32.115, 100.286, 135.460, 135.478, 135.500, 135.535, 135.545, 135.550, 135.600, 135.630, 135.750, 135.950, 135.963, 135.967, 135.1150, 144.030, 144.605, 147.010, 173.196, 173.796, 178.895, 178.896, 208.750, 348.300, 620.495, 620.638, 620.1039, 620.1878, and 620.1881, RSMo, and to enact in lieu thereof thirty-nine new sections relating to certain programs administered by the department of economic development, with an emergency clause for certain sections.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF MISSOURI, AS FOLLOWS:

1 Section A. Sections 32.105, 32.115, 100.286, 135.460,
2 135.478, 135.500, 135.535, 135.545, 135.550, 135.600, 135.630,
3 135.750, 135.950, 135.963, 135.967, 135.1150, 144.030, 144.605,
4 147.010, 173.196, 173.796, 178.895, 178.896, 208.750, 348.300,
5 620.495, 620.638, 620.1039, 620.1878, and 620.1881, RSMo, are
6 repealed and thirty-nine new sections enacted in lieu thereof, to
7 be known as sections 32.105, 32.115, 99.1200, 100.286, 135.460,
8 135.478, 135.500, 135.535, 135.545, 135.550, 135.562, 135.600,
9 135.630, 135.662, 135.750, 135.950, 135.963, 135.967, 135.1150,
10 142.817, 143.006, 144.030, 144.054, 144.605, 147.010, 173.196,
11 173.796, 178.715, 178.895, 178.896, 208.750, 348.273, 348.274,

1 348.300, 620.495, 620.638, 620.1039, 620.1878, and 620.1881, to
2 read as follows:

3 32.105. As used in sections 32.100 to 32.125, the following
4 terms mean:

5 (1) "Affordable housing assistance activities", money, real
6 or personal property, or professional services expended or
7 devoted to the construction, or rehabilitation of affordable
8 housing units;

9 (2) "Affordable housing unit", a residential unit generally
10 occupied by persons and families with incomes at or below the
11 levels described in this subdivision and bearing a cost to the
12 occupant no greater than thirty percent of the maximum eligible
13 household income for the affordable housing unit. In the case of
14 owner-occupied units, the cost to the occupant shall be
15 considered the amount of the gross monthly mortgage payment,
16 including casualty insurance, mortgage insurance, and taxes. In
17 the case of rental units, the cost to the occupant shall be
18 considered the amount of the gross rent. The cost to the
19 occupant shall include the cost of any utilities, other than
20 telephone. If any utilities are paid directly by the occupant,
21 the maximum cost that may be paid by the occupant is to be
22 reduced by a utility allowance prescribed by the commission.
23 Persons or families are eligible occupants of affordable housing
24 units if the household combined, adjusted gross income as defined
25 by the commission is equal to or less than the following
26 percentages of the median family income for the geographic area
27 in which the residential unit is located, or the median family
28 income for the state of Missouri, whichever is larger;

1 ("geographic area" means the metropolitan area or county
2 designated as an area by the federal Department of Housing and
3 Urban Development under Section 8 of the United States Housing
4 Act of 1937, as amended, for purposes of determining fair market
5 rental rates):

6	Percent of State or	
7	Geographic Area Family	
8	Size of Household	Median Income
9	One Person	35%
10	Two Persons	40%
11	Three Persons	45%
12	Four Persons	50%
13	Five Persons	54%
14	Six Persons	58%
15	Seven Persons	62%
16	Eight Persons	66%

17 (3) "Business firm", person, firm, a partner in a firm,
18 corporation or a shareholder in an S corporation doing business
19 in the state of Missouri and subject to the state income tax
20 imposed by the provisions of chapter 143, RSMo, including any
21 charitable organization that is exempt from federal income tax
22 and whose Missouri unrelated business taxable income, if any,
23 would be subject to the state income tax imposed under such
24 chapter, or a corporation subject to the annual corporation
25 franchise tax imposed by the provisions of chapter 147, RSMo, or
26 an insurance company paying an annual tax on its gross premium
27 receipts in this state, or other financial institution paying
28 taxes to the state of Missouri or any political subdivision of

1 this state pursuant to the provisions of chapter 148, RSMo, or an
2 express company which pays an annual tax on its gross receipts in
3 this state;

4 (4) "Commission", the Missouri housing development
5 commission;

6 (5) "Community services", any type of counseling and
7 advice, emergency assistance or medical care furnished to
8 individuals or groups in the state of Missouri or transportation
9 services at below-cost rates as provided in sections 208.250 to
10 208.275, RSMo;

11 (6) "Crime prevention", any activity which aids in the
12 reduction of crime in the state of Missouri;

13 (7) "Defense industry contractor", a person, corporation or
14 other entity which will be or has been negatively impacted as a
15 result of its status as a prime contractor of the Department of
16 Defense or as a second or third tier contractor. A "second tier
17 contractor" means a person, corporation or other entity which
18 contracts to perform manufacturing, maintenance or repair
19 services for a prime contractor of the Department of Defense, and
20 a "third tier contractor" means a person, corporation or other
21 entity which contracts with a person, corporation or other entity
22 which contracts with a prime contractor of the Department of
23 Defense;

24 (8) "Doing business", among other methods of doing business
25 in the state of Missouri, a partner in a firm or a shareholder in
26 an S corporation shall be deemed to be doing business in the
27 state of Missouri if such firm or S corporation, as the case may
28 be, is doing business in the state of Missouri;

1 (9) "Economic development", the acquisition, renovation,
2 improvement, or the furnishing or equipping of existing buildings
3 and real estate in distressed or blighted areas of the state when
4 such acquisition, renovation, improvement, or the furnishing or
5 equipping of the business development projects will result in the
6 creation or retention of jobs within the state; or, until June
7 30, 1996, a defense conversion pilot project located in a
8 standard metropolitan statistical area which contains a city with
9 a population of at least three hundred fifty thousand
10 inhabitants, which will assist Missouri-based defense industry
11 contractors in their conversion from predominately
12 defense-related contracting to nondefense-oriented manufacturing.
13 Only neighborhood organizations, as defined in subdivision (13)
14 of this section, may apply to conduct economic development
15 projects. Prior to the approval of an economic development
16 project, the neighborhood organization shall enter into a
17 contractual agreement with the department of economic
18 development. Credits approved for economic development projects
19 may not exceed four million dollars from within any one fiscal
20 year's allocation, except that for fiscal years 2005, 2006, and
21 2007 credits approved for economic development projects shall not
22 exceed six million dollars. Neighborhood assistance program tax
23 credits for economic development projects and affordable housing
24 assistance as defined in section 32.111 may be transferred, sold
25 or assigned by a notarized endorsement thereof naming the
26 transferee;

27 (10) "Education", any type of scholastic instruction or
28 scholarship assistance to an individual who resides in the state

1 of Missouri that enables the individual to prepare himself or
2 herself for better opportunities or community awareness
3 activities rendered by a statewide organization established for
4 the purpose of archeological education and preservation;

5 (11) "Homeless assistance pilot project", the program
6 established pursuant to section 32.117;

7 (12) "Job training", any type of instruction to an
8 individual who resides in the state of Missouri that enables the
9 individual to acquire vocational skills so that the individual
10 can become employable or be able to seek a higher grade of
11 employment;

12 (13) "Neighborhood organization", any organization
13 performing community services or economic development activities
14 in the state of Missouri and:

15 (a) Holding a ruling from the Internal Revenue Service of
16 the United States Department of the Treasury that the
17 organization is exempt from income taxation pursuant to the
18 provisions of the Internal Revenue Code; or

19 (b) Incorporated in the state of Missouri as a
20 not-for-profit corporation pursuant to the provisions of chapter
21 355, RSMo; or

22 (c) Designated as a community development corporation by
23 the United States government pursuant to the provisions of Title
24 VII of the Economic Opportunity Act of 1964;

25 (14) "Physical revitalization", furnishing financial
26 assistance, labor, material, or technical advice to aid in the
27 physical improvement or rehabilitation of any part or all of a
28 neighborhood area;

1 (15) "S corporation", a corporation described in Section
2 1361(a)(1) of the United States Internal Revenue Code and not
3 subject to the taxes imposed by section 143.071, RSMo, by reason
4 of section 143.471, RSMo;

5 (16) "Workfare renovation project", any project initiated
6 pursuant to sections 215.340 to 215.355, RSMo.

7 32.115. 1. The department of revenue shall grant a tax
8 credit, to be applied in the following order until used, against:

9 (1) The annual tax on gross premium receipts of insurance
10 companies in chapter 148, RSMo;

11 (2) The tax on banks determined pursuant to subdivision (2)
12 of subsection 2 of section 148.030, RSMo;

13 (3) The tax on banks determined in subdivision (1) of
14 subsection 2 of section 148.030, RSMo;

15 (4) The tax on other financial institutions in chapter 148,
16 RSMo;

17 (5) The corporation franchise tax in chapter 147, RSMo;

18 (6) The state income tax in chapter 143, RSMo; and

19 (7) The annual tax on gross receipts of express companies
20 in chapter 153, RSMo.

21 2. For proposals approved pursuant to section 32.110:

22 (1) The amount of the tax credit shall not exceed fifty
23 percent of the total amount contributed during the taxable year
24 by the business firm or, in the case of a financial institution,
25 where applicable, during the relevant income period in programs
26 approved pursuant to section 32.110;

27 (2) Except as provided in subsection 2 or 5 of this
28 section, a tax credit of up to seventy percent may be allowed for

1 contributions to programs where activities fall within the scope
2 of special program priorities as defined with the approval of the
3 governor in regulations promulgated by the director of the
4 department of economic development;

5 (3) Except as provided in subsection 2 or 5 of this
6 section, the tax credit allowed for contributions to programs
7 located in any community shall be equal to seventy percent of the
8 total amount contributed where such community is a city, town or
9 village which has fifteen thousand or less inhabitants as of the
10 last decennial census and is located in a county which is either
11 located in:

12 (a) An area that is not part of a standard metropolitan
13 statistical area;

14 (b) A standard metropolitan statistical area but such
15 county has only one city, town or village which has more than
16 fifteen thousand inhabitants; or

17 (c) A standard metropolitan statistical area and a
18 substantial number of persons in such county derive their income
19 from agriculture.

20
21 Such community may also be in an unincorporated area in such
22 county as provided in subdivision (1), (2) or (3) of this
23 subsection. Except in no case shall the total economic benefit
24 of the combined federal and state tax savings to the taxpayer
25 exceed the amount contributed by the taxpayer during the tax
26 year;

27 (4) Such tax credit allocation, equal to seventy percent of
28 the total amount contributed, shall not exceed four million

1 dollars in fiscal year 1999 and six million dollars in fiscal
2 year 2000 and any subsequent fiscal year. When the maximum
3 dollar limit on the seventy percent tax credit allocation is
4 committed, the tax credit allocation for such programs shall then
5 be equal to fifty percent credit of the total amount contributed.
6 Regulations establishing special program priorities are to be
7 promulgated during the first month of each fiscal year and at
8 such times during the year as the public interest dictates. Such
9 credit shall not exceed two hundred and fifty thousand dollars
10 annually except as provided in subdivision (5) of this
11 subsection. No tax credit shall be approved for any bank, bank
12 and trust company, insurance company, trust company, national
13 bank, savings association, or building and loan association for
14 activities that are a part of its normal course of business. Any
15 tax credit not used in the period the contribution was made may
16 be carried over the next five succeeding calendar or fiscal years
17 until the full credit has been claimed. Except as otherwise
18 provided for proposals approved pursuant to section 32.111,
19 32.112 or 32.117, in no event shall the total amount of all other
20 tax credits allowed pursuant to sections 32.100 to 32.125 exceed
21 thirty-two million dollars in any one fiscal year, of which six
22 million shall be credits allowed pursuant to section 135.460,
23 RSMo. If six million dollars in credits are not approved, then
24 the remaining credits may be used for programs approved pursuant
25 to sections 32.100 to 32.125;

26 (5) The credit may exceed two hundred fifty thousand
27 dollars annually and shall not be limited if community services,
28 crime prevention, education, job training, physical

1 revitalization or economic development, as defined by section
2 32.105, is rendered in an area defined by federal or state law as
3 an impoverished, economically distressed, or blighted area or as
4 a neighborhood experiencing problems endangering its existence as
5 a viable and stable neighborhood, or if the community services,
6 crime prevention, education, job training, physical
7 revitalization or economic development is limited to impoverished
8 persons.

9 3. For proposals approved pursuant to section 32.111:

10 (1) The amount of the tax credit shall not exceed
11 fifty-five percent of the total amount invested in affordable
12 housing assistance activities or market rate housing in
13 distressed communities as defined in section 135.530, RSMo, by a
14 business firm. Whenever such investment is made in the form of
15 an equity investment or a loan, as opposed to a donation alone,
16 tax credits may be claimed only where the loan or equity
17 investment is accompanied by a donation which is eligible for
18 federal income tax charitable deduction, and where the total
19 value of the tax credits herein plus the value of the federal
20 income tax charitable deduction is less than or equal to the
21 value of the donation. Any tax credit not used in the period for
22 which the credit was approved may be carried over the next ten
23 succeeding calendar or fiscal years until the full credit has
24 been allowed. If the affordable housing units or market rate
25 housing units in distressed communities for which a tax is
26 claimed are within a larger structure, parts of which are not the
27 subject of a tax credit claim, then expenditures applicable to
28 the entire structure shall be reduced on a prorated basis in

1 proportion to the ratio of the number of square feet devoted to
2 the affordable housing units or market rate housing units in
3 distressed communities, for purposes of determining the amount of
4 the tax credit. The total amount of tax credit granted for
5 programs approved pursuant to section 32.111 for the fiscal year
6 beginning July 1, 1991, shall not exceed two million dollars, to
7 be increased by no more than two million dollars each succeeding
8 fiscal year, until the total tax credits that may be approved
9 reaches ten million dollars in any fiscal year;

10 (2) For any year during the compliance period indicated in
11 the land use restriction agreement, the owner of the affordable
12 housing rental units for which a credit is being claimed shall
13 certify to the commission that all tenants renting claimed units
14 are income eligible for affordable housing units and that the
15 rentals for each claimed unit are in compliance with the
16 provisions of sections 32.100 to 32.125. The commission is
17 authorized, in its discretion, to audit the records and accounts
18 of the owner to verify such certification;

19 (3) In the case of owner-occupied affordable housing units,
20 the qualifying owner occupant shall, before the end of the first
21 year in which credits are claimed, certify to the commission that
22 the occupant is income eligible during the preceding two years,
23 and at the time of the initial purchase contract, but not
24 thereafter. The qualifying owner occupant shall further certify
25 to the commission, before the end of the first year in which
26 credits are claimed, that during the compliance period indicated
27 in the land use restriction agreement, the cost of the affordable
28 housing unit to the occupant for the claimed unit can reasonably

1 be projected to be in compliance with the provisions of sections
2 32.100 to 32.125. Any succeeding owner occupant acquiring the
3 affordable housing unit during the compliance period indicated in
4 the land use restriction agreement shall make the same
5 certification;

6 (4) If at any time during the compliance period the
7 commission determines a project for which a proposal has been
8 approved is not in compliance with the applicable provisions of
9 sections 32.100 to 32.125 or rules promulgated therefor, the
10 commission may within one hundred fifty days of notice to the
11 owner either seek injunctive enforcement action against the
12 owner, or seek legal damages against the owner representing the
13 value of the tax credits, or foreclose on the lien in the land
14 use restriction agreement, selling the project at a public sale,
15 and paying to the owner the proceeds of the sale, less the costs
16 of the sale and less the value of all tax credits allowed herein.
17 The commission shall remit to the director of revenue the portion
18 of the legal damages collected or the sale proceeds representing
19 the value of the tax credits. However, except in the event of
20 intentional fraud by the taxpayer, the proposal's certificate of
21 eligibility for tax credits shall not be revoked.

22 4. For proposals approved pursuant to section 32.112, the
23 amount of the tax credit shall not exceed fifty-five percent of
24 the total amount contributed to a neighborhood organization by
25 business firms. Any tax credit not used in the period for which
26 the credit was approved may be carried over the next ten
27 succeeding calendar or fiscal years until the full credit has
28 been allowed. The total amount of tax credit granted for

1 programs approved pursuant to section 32.112 shall not exceed one
2 million dollars for each fiscal year.

3 5. The total amount of tax credits used for market rate
4 housing in distressed communities pursuant to sections 32.100 to
5 32.125 shall not exceed thirty percent of the total amount of all
6 tax credits authorized pursuant to sections 32.111 and 32.112.

7 6. Notwithstanding any other law to the contrary, any tax
8 credits granted under this section may be assigned, transferred,
9 sold, or otherwise conveyed without consent or approval.

10 99.1200. 1. This section shall be known and may be cited
11 as the "Distressed Areas Land Assemblage Tax Credit Act".

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

13 (1) "Acquisition costs", the purchase price for the
14 eligible parcel, costs of environmental assessments, closing
15 costs, real estate brokerage fees, demolition costs of vacant
16 structures, and maintenance costs incurred to maintain an
17 acquired eligible parcel for a period of five years after the
18 acquisition of such eligible parcel. Acquisition costs shall not
19 include costs for title insurance and survey, attorney's fees, or
20 relocation costs;

21 (2) "Applicant", any person, firm, partnership, trust,
22 limited liability company, or corporation which has:

23 (a) Incurred, within an eligible project area, acquisition
24 costs for the acquisition of land sufficient to satisfy the
25 requirements under subdivision (8) of subsection 2 of this
26 section; and

27 (b) Been appointed or selected, pursuant to a redevelopment
28 agreement by a municipal authority, as a redeveloper or similar

1 designation, under an economic incentive act, to redevelop an
2 urban renewal area or a redevelopment area that includes all of
3 an eligible project area or whose redevelopment plan or
4 redevelopment area, which encompasses all of an eligible project
5 area, has been approved or adopted under an economic incentive
6 act. The redevelopment agreement shall provide that the funds
7 generated through the use or sale of the tax credits issued under
8 this section be used to redevelop the eligible project area and,
9 in addition to being designated the redeveloper, the applicant
10 shall have been designated to receive economic incentives after
11 the municipal authority has considered the amount of the tax
12 credits in adopting such economic incentives as provided in
13 subsection 8 of this section;

14 (3) "Certificate", a tax credit certificate issued under
15 this section;

16 (4) "Condemnation proceedings", any action taken by, or on
17 behalf of, an applicant to initiate an action in a court of
18 competent jurisdiction to use the power of eminent domain to
19 acquire a parcel within the eligible project area. Condemnation
20 proceedings shall include any and all actions taken after the
21 submission of a notice of intended acquisition to an owner of a
22 parcel within the eligible project area by a municipal authority
23 or any other person or entity under section 523.250, RSMo;

24 (5) "Department", the Missouri department of economic
25 development;

26 (6) "Economic incentive acts", any provision of Missouri
27 law pursuant to which economic incentives are provided to
28 redevelopers of a parcel or parcels to redevelop the land, such

1 as tax abatement or payments in lieu of taxes, or redevelopment
2 plans or redevelopment projects approved or adopted which include
3 the use of economic incentives to redevelop the land. Economic
4 incentive acts include, but are not limited to, the land
5 clearance for redevelopment authority law, the real property tax
6 increment allocation redevelopment act, the Missouri downtown and
7 rural economic stimulus act, and the downtown revitalization
8 preservation program;

9 (7) "Eligible parcel", a parcel:

10 (a) Which is located within an eligible project area;

11 (b) Which is to be redeveloped;

12 (c) On which the applicant has not commenced construction
13 prior to August 28, 2007; and

14 (d) Which has been acquired without the commencement of any
15 condemnation proceedings with respect to such parcel brought by
16 or on behalf of the applicant. Any parcel acquired by the
17 applicant from a municipal authority shall not constitute an
18 eligible parcel;

19 (8) "Eligible project area", an area which shall have
20 satisfied the following requirements:

21 (a) The eligible project area shall consist of at least one
22 hundred acres and may include parcels within its boundaries that
23 do not constitute an eligible parcel;

24 (b) At least eighty percent of the eligible project area
25 shall be located within a Missouri qualified census tract area as
26 designated by the United States Department of Housing and Urban
27 Development under 26 U.S.C. Section 42;

28 (c) The eligible parcels acquired by the applicant within

1 the eligible project area shall total at least seventy-five
2 acres, which may consist of contiguous and noncontiguous parcels;

3 (d) The average number of parcels per acre in an eligible
4 project area shall be four;

5 (e) Less than five percent of the acreage within the
6 boundaries of the eligible project area shall consist of owner-
7 occupied residences which the applicant has identified for
8 acquisition under the urban renewal plan or the redevelopment
9 plan pursuant to which the applicant was appointed or selected as
10 the redeveloper or by which the person or entity was qualified as
11 an applicant under this section on the date of the approval or
12 adoption of such plan;

13 (9) "Interest costs", interest, loan fees, and closing
14 costs. Interest costs shall not include attorney's fees;

15 (10) "Municipal authority", any city, town, village,
16 county, public body corporate and politic, political subdivision,
17 or land trust of this state established and authorized to own
18 land within the state;

19 (11) "Municipality", any city, town, village, or county;

20 (12) "Parcel", a single lot or tract of land, and the
21 improvements thereon, owned by, or recorded as the property of,
22 one or more persons or entities;

23 (13) "Redeveloped", the process of undertaking and carrying
24 out a redevelopment plan or urban renewal plan pursuant to which
25 the conditions which provided the basis for an eligible project
26 area to be included in a redevelopment plan or urban renewal plan
27 are to be reduced or eliminated by redevelopment or
28 rehabilitation; and

1 (14) Redevelopment agreement", the redevelopment agreement
2 or similar agreement into which the applicant entered with a
3 municipal authority and which is the agreement for the
4 implementation of the urban renewal plan or redevelopment plan
5 pursuant to which the applicant was appointed or selected as the
6 redeveloper or by which the person or entity was qualified as an
7 applicant under this section.

8 3. Any applicant shall be entitled to a tax credit against
9 the taxes imposed under chapters 143, 147, and 148, RSMo, except
10 for sections 143.191 to 143.265, RSMo, in an amount equal to
11 fifty percent of the acquisition costs, and one hundred percent
12 of the interest costs incurred for a period of five years after
13 the acquisition of an eligible parcel. No tax credits shall be
14 issued under this section until after January 1, 2008.

15 4. If the amount of such tax credit exceeds the total tax
16 liability for the year in which the applicant is entitled to
17 receive a tax credit, the amount that exceeds the state tax
18 liability may be carried forward for credit against the taxes
19 imposed under chapters 143, 147, and 148, RSMo, for the
20 succeeding six years, or until the full credit is used, whichever
21 occurs first. The applicant shall not be entitled to a tax
22 credit for taxes imposed under sections 143.191 to 143.265, RSMo.
23 Applicants entitled to receive such tax credits may transfer,
24 sell, or assign the tax credits. Tax credits granted to a
25 partnership, a limited liability company taxed as a partnership,
26 or multiple owners of property shall be passed through to the
27 partners, members, or owners respectively pro rata or pursuant to
28 an executed agreement among the partners, members, or owners

1 documenting an alternate distribution method.

2 5. A purchaser, transferee, or assignee of the tax credits
3 may use acquired tax credits to offset up to one hundred percent
4 of the tax liabilities otherwise imposed under chapters 143, 147,
5 and 148, RSMo, except for sections 143.191 to 143.265, RSMo. A
6 seller, transferor, or assignor shall perfect such transfer by
7 notifying the department in writing within thirty calendar days
8 following the effective date of the transfer and shall provide
9 any information as may be required by the department to
10 administer and to carry out the provisions of this section.

11 6. To claim tax credits authorized under this section, an
12 applicant shall submit to the department an application for a
13 certificate. An applicant shall identify the boundaries of the
14 eligible project area in the application. The department shall
15 verify that the applicant has submitted a valid application in
16 the form and format required by the department. On an annual
17 basis, an applicant may file for the tax credit for the
18 acquisition costs, and for the tax credit for the interest costs,
19 subject to the limitations of this section. If an applicant
20 applying for the tax credit meets the criteria required under
21 this section, the department shall issue a certificate in the
22 appropriate amount.

23 7. The total aggregate amount of tax credits authorized
24 under this section shall not exceed one hundred million dollars.
25 At no time shall the annual amount of the tax credits issued
26 under this section exceed twelve million dollars. If the tax
27 credits that are to be issued under this section exceed, in any
28 year, the twelve million dollar limitation, the department shall

1 either:

2 (1) Issue tax credits to the applicant in the amount of
3 twelve million dollars, if there is only one applicant entitled
4 to receive tax credits in that year; or

5 (2) Issue the tax credits on a pro rata basis to all
6 applicants entitled to receive tax credits in that year. Any
7 amount of tax credits, which an applicant is, or applicants are,
8 entitled to receive on an annual basis and are not issued due to
9 the twelve million dollar limitation, shall be carried forward
10 for the benefit of the applicant or applicants to subsequent
11 years.

12 8. Upon issuance of any tax credits pursuant to this
13 section, the department shall report to the municipal authority
14 the applicant's name and address, the parcel numbers of the
15 eligible parcels for which the tax credits were issued, the
16 itemized acquisition costs and interest costs for which tax
17 credits were issued, and the total value of the tax credits
18 issued. The municipal authority and the state shall not consider
19 the amount of the tax credits as an applicant's cost, but shall
20 include the tax credits in any sources and uses and cost benefit
21 analysis reviewed or created for the purpose of awarding other
22 economic incentives. The amount of the tax credits shall not be
23 considered an applicant's cost in the evaluation of the amount of
24 any award of any other economic incentives, but shall be
25 considered in measuring the reasonableness of the rate of return
26 to the applicant with respect to such award of other economic
27 incentives. The municipal authority shall provide the report to
28 any relevant commission, board, or entity responsible for the

1 evaluation and recommendation or approval of other economic
2 incentives to assist in the redevelopment of the eligible project
3 area.

4 9. The department may promulgate rules to implement the
5 provisions of this section. Any rule or portion of a rule, as
6 that term is defined in section 536.010, RSMo, that is created
7 under the authority delegated in this section shall become
8 effective only if it complies with and is subject to all of the
9 provisions of chapter 536, RSMo, and, if applicable, section
10 536.028, RSMo. This section and chapter 536, RSMo, are
11 nonseverable and if any of the powers vested with the general
12 assembly pursuant to chapter 536, RSMo, to review, to delay the
13 effective date, or to disapprove and annul a rule are
14 subsequently held unconstitutional, then the grant of rulemaking
15 authority and any rule proposed or adopted after August 28, 2007,
16 shall be invalid and void.

17 10. Pursuant to sections 23.253 and 23.283, RSMo, of the
18 Missouri sunset act, the provisions of this section shall
19 automatically sunset six years after August 28, 2007.

20 100.286. 1. Within the discretion of the board, the
21 development and reserve fund, the infrastructure development fund
22 or the export finance fund may be pledged to secure the payment
23 of any bonds or notes issued by the board, or to secure the
24 payment of any loan made by the board or a participating lender
25 which loan:

26 (1) Is requested to finance any project or export trade
27 activity;

28 (2) Is requested by a borrower who is demonstrated to be

1 financially responsible;

2 (3) Can reasonably be expected to provide a benefit to the
3 economy of this state;

4 (4) Is otherwise secured by a mortgage or deed of trust on
5 real or personal property or other security satisfactory to the
6 board; provided that loans to finance export trade activities may
7 be secured by export accounts receivable or inventories of
8 exportable goods satisfactory to the board;

9 (5) Does not exceed five million dollars;

10 (6) Does not have a term longer than five years if such
11 loan is made to finance export trade activities; and

12 (7) Is, when used to finance export trade activities, made
13 to small or medium size businesses or agricultural businesses, as
14 may be defined by the board.

15 2. The board shall prescribe standards for the evaluation
16 of the financial condition, business history, and qualifications
17 of each borrower and the terms and conditions of loans which may
18 be secured, and may require each application to include a
19 financial report and evaluation by an independent certified
20 public accounting firm, in addition to such examination and
21 evaluation as may be conducted by any participating lender.

22 3. Each application for a loan secured by the development
23 and reserve fund, the infrastructure development fund or the
24 export finance fund shall be reviewed in the first instance by
25 any participating lender to whom the application was submitted.
26 If satisfied that the standards prescribed by the board are met
27 and that the loan is otherwise eligible to be secured by the
28 development and reserve fund, the infrastructure development fund

1 or the export finance fund, the participating lender shall
2 certify the same and forward the application for final approval
3 to the board.

4 4. The securing of any loans by the development and reserve
5 fund, the infrastructure development fund or the export finance
6 fund shall be conditioned upon approval of the application by the
7 board, and receipt of an annual reserve participation fee, as
8 prescribed by the board, submitted by or on behalf of the
9 borrower.

10 5. The securing of any loan by the export finance fund for
11 export trade activities shall be conditioned upon the board's
12 compliance with any applicable treaties and international
13 agreements, such as the general agreement on tariffs and trade
14 and the subsidies code, to which the United States is then a
15 party.

16 6. Any taxpayer, including any charitable organization that
17 is exempt from federal income tax and whose Missouri unrelated
18 business taxable income, if any, would be subject to the state
19 income tax imposed under chapter 143, RSMo, shall be entitled to
20 a tax credit against any tax otherwise due under the provisions
21 of chapter 143, RSMo, excluding withholding tax imposed by
22 sections 143.191 to 143.261, RSMo, chapter 147, RSMo, or chapter
23 148, RSMo, in the amount of fifty percent of any amount
24 contributed in money or property by the taxpayer to the
25 development and reserve fund, the infrastructure development fund
26 or the export finance fund during the taxpayer's tax year,
27 provided, however, the total tax credits awarded in any calendar
28 year beginning after January 1, 1994, shall not be the greater of

1 ten million dollars or five percent of the average growth in
2 general revenue receipts in the preceding three fiscal years.
3 This limit may be exceeded only upon joint agreement by the
4 commissioner of administration, the director of the department of
5 economic development, and the director of the department of
6 revenue that such action is essential to ensure retention or
7 attraction of investment in Missouri. If the board receives, as
8 a contribution, real property, the contributor at such
9 contributor's own expense shall have two independent appraisals
10 conducted by appraisers certified by the Master Appraisal
11 Institute. Both appraisals shall be submitted to the board, and
12 the tax credit certified by the board to the contributor shall be
13 based upon the value of the lower of the two appraisals. The
14 board shall not certify the tax credit until the property is
15 deeded to the board. Such credit shall not apply to reserve
16 participation fees paid by borrowers under sections 100.250 to
17 100.297. The portion of earned tax credits which exceeds the
18 taxpayer's tax liability may be carried forward for up to five
19 years.

20 7. Notwithstanding any provision of law to the contrary,
21 any taxpayer may sell, assign, exchange, convey or otherwise
22 transfer tax credits allowed in subsection 6 of this section
23 under the terms and conditions prescribed in subdivisions (1) and
24 (2) of this subsection. Such taxpayer, hereinafter the assignor
25 for the purpose of this subsection, may sell, assign, exchange or
26 otherwise transfer earned tax credits:

27 (1) For no less than seventy-five percent of the par value
28 of such credits; and

1 (2) In an amount not to exceed one hundred percent of
2 annual earned credits.

3
4 The taxpayer acquiring earned credits, hereinafter the assignee
5 for the purpose of this subsection, may use the acquired credits
6 to offset up to one hundred percent of the tax liabilities
7 otherwise imposed by chapter 143, RSMo, excluding withholding tax
8 imposed by sections 143.191 to 143.261, RSMo, chapter 147, RSMo,
9 or chapter 148, RSMo. Unused credits in the hands of the
10 assignee may be carried forward for up to five years, provided
11 all such credits shall be claimed within ten years following the
12 tax years in which the contribution was made. The assignor shall
13 enter into a written agreement with the assignee establishing the
14 terms and conditions of the agreement and shall perfect such
15 transfer by notifying the board in writing within thirty calendar
16 days following the effective day of the transfer and shall
17 provide any information as may be required by the board to
18 administer and carry out the provisions of this section.
19 Notwithstanding any other provision of law to the contrary, the
20 amount received by the assignor of such tax credit shall be
21 taxable as income of the assignor, and the excess of the par
22 value of such credit over the amount paid by the assignee for
23 such credit shall be taxable as income of the assignee.

24 135.460. 1. Section 135.460 and sections 620.1100 and
25 620.1103, RSMo, shall be known and may be cited as the "Youth
26 Opportunities and Violence Prevention Act".

27 2. As used in this section, the term "taxpayer" shall
28 include corporations as defined in section 143.441 or 143.471,

1 RSMo, and individuals, individual proprietorships and
2 partnerships.

3 3. A taxpayer shall be allowed a tax credit against the tax
4 otherwise due pursuant to chapter 143, RSMo, excluding
5 withholding tax imposed by sections 143.191 to 143.265, RSMo,
6 chapter 147, RSMo, chapter 148, RSMo, or chapter 153, RSMo, in an
7 amount equal to thirty percent for property contributions and
8 fifty percent for monetary contributions of the amount such
9 taxpayer contributed to the programs described in subsection 5 of
10 this section, not to exceed two hundred thousand dollars per
11 taxable year, per taxpayer; except as otherwise provided in
12 subdivision (5) of subsection 5 of this section. The department
13 of economic development shall prescribe the method for claiming
14 the tax credits allowed in this section. No rule or portion of a
15 rule promulgated under the authority of this section shall become
16 effective unless it has been promulgated pursuant to the
17 provisions of chapter 536, RSMo. All rulemaking authority
18 delegated prior to June 27, 1997, is of no force and effect and
19 repealed; however, nothing in this section shall be interpreted
20 to repeal or affect the validity of any rule filed or adopted
21 prior to June 27, 1997, if such rule complied with the provisions
22 of chapter 536, RSMo. The provisions of this section and chapter
23 536, RSMo, are nonseverable and if any of the powers vested with
24 the general assembly pursuant to chapter 536, RSMo, including the
25 ability to review, to delay the effective date, or to disapprove
26 and annul a rule or portion of a rule, are subsequently held
27 unconstitutional, then the purported grant of rulemaking
28 authority and any rule so proposed and contained in the order of

1 rulemaking shall be invalid and void.

2 4. The tax credits allowed by this section shall be claimed
3 by the taxpayer to offset the taxes that become due in the
4 taxpayer's tax period in which the contribution was made. Any
5 tax credit not used in such tax period may be carried over the
6 next five succeeding tax periods. Notwithstanding any other law
7 to the contrary, any tax credits granted under this section may
8 be assigned, transferred, sold, or otherwise conveyed without
9 consent or approval.

10 5. The tax credit allowed by this section may only be
11 claimed for monetary or property contributions to public or
12 private programs authorized to participate pursuant to this
13 section by the department of economic development and may be
14 claimed for the development, establishment, implementation,
15 operation, and expansion of the following activities and
16 programs:

17 (1) An adopt-a-school program. Components of the
18 adopt-a-school program shall include donations for school
19 activities, seminars, and functions; school-business employment
20 programs; and the donation of property and equipment of the
21 corporation to the school;

22 (2) Expansion of programs to encourage school dropouts to
23 reenter and complete high school or to complete a graduate
24 equivalency degree program;

25 (3) Employment programs. Such programs shall initially,
26 but not exclusively, target unemployed youth living in poverty
27 and youth living in areas with a high incidence of crime;

28 (4) New or existing youth clubs or associations;

1 (5) Employment/internship/apprenticeship programs in
2 business or trades for persons less than twenty years of age, in
3 which case the tax credit claimed pursuant to this section shall
4 be equal to one-half of the amount paid to the intern or
5 apprentice in that tax year, except that such credit shall not
6 exceed ten thousand dollars per person;

7 (6) Mentor and role model programs;

8 (7) Drug and alcohol abuse prevention training programs for
9 youth;

10 (8) Donation of property or equipment of the taxpayer to
11 schools, including schools which primarily educate children who
12 have been expelled from other schools, or donation of the same to
13 municipalities, or not-for-profit corporations or other
14 not-for-profit organizations which offer programs dedicated to
15 youth violence prevention as authorized by the department;

16 (9) Not-for-profit, private or public youth activity
17 centers;

18 (10) Nonviolent conflict resolution and mediation programs;

19 (11) Youth outreach and counseling programs.

20 6. Any program authorized in subsection 5 of this section
21 shall, at least annually, submit a report to the department of
22 economic development outlining the purpose and objectives of such
23 program, the number of youth served, the specific activities
24 provided pursuant to such program, the duration of such program
25 and recorded youth attendance where applicable.

26 7. The department of economic development shall, at least
27 annually submit a report to the Missouri general assembly listing
28 the organizations participating, services offered and the number

1 of youth served as the result of the implementation of this
2 section.

3 8. The tax credit allowed by this section shall apply to
4 all taxable years beginning after December 31, 1995.

5 9. For the purposes of the credits described in this
6 section, in the case of a corporation described in section
7 143.471, RSMo, partnership, limited liability company described
8 in section 347.015, RSMo, cooperative, marketing enterprise, or
9 partnership, in computing Missouri's tax liability, such credits
10 shall be allowed to the following:

11 (1) The shareholders of the corporation described in
12 section 143.471, RSMo;

13 (2) The partners of the partnership;

14 (3) The members of the limited liability company; and

15 (4) Individual members of the cooperative or marketing
16 enterprise.

17 Such credits shall be apportioned to the entities described in
18 subdivisions (1) and (2) of this subsection in proportion to
19 their share of ownership on the last day of the taxpayer's tax
20 period.

21 135.478. As used in sections 135.481 to 135.487, the
22 following terms mean:

23 (1) "Department", the department of economic development;

24 (2) "Director", the director of the department of economic
25 development;

26 (3) "Distressed community", as defined in section 135.530;

27 (4) "Eligible costs for a new residence", expenses incurred
28 for property acquisition, development, site preparation other

1 than demolition, surveys, architectural and engineering services
2 and construction and all other necessary and incidental expenses
3 incurred for constructing a new market rate residence, which is
4 or will be owner-occupied, which is not replacing a national
5 register listed or local historic structure; except that, costs
6 paid for by the taxpayer with grants or forgivable loans, other
7 than tax credits, provided pursuant to state or federal
8 governmental programs are ineligible;

9 (5) "Eligible costs for rehabilitation", expenses incurred
10 for the renovation or rehabilitation of an existing residence
11 including site preparation, surveys, architectural and
12 engineering services, construction, modification, expansion,
13 remodeling, structural alteration, replacements and alterations;
14 except that, costs paid for by the taxpayer with grants or
15 forgivable loans other than tax credits provided pursuant to
16 state or federal governmental programs are ineligible;

17 (6) "Eligible residence", a single-family residence forty
18 years of age or older, located in this state and not within a
19 distressed community as defined by section 135.530, which is
20 occupied or intended to be or occupied long-term by the owner or
21 offered for sale at market rate for owner-occupancy and which is
22 either located within a United States census block group which,
23 if in a metropolitan statistical area, has a median household
24 income of less than ninety percent, but greater than or equal to
25 seventy percent of the median household income for the
26 metropolitan statistical area in which the census block group is
27 located, or which, if located within a United States census block
28 group in a nonmetropolitan area, has a median household income of

1 less than ninety percent, but greater than or equal to seventy
2 percent of the median household income for the nonmetropolitan
3 areas in the state;

4 (7) "Flood plain", any land or area susceptible to being
5 inundated by water from any source or located in a one
6 hundred-year flood plain area determined by Federal Emergency
7 Management Agency mapping as subject to flooding;

8 (8) "New residence", a residence constructed on land which
9 if located within a distressed community has either been vacant
10 for at least two years or is or was occupied by a structure which
11 has been condemned by the local entity in which the structure is
12 located or which, if located outside of a distressed community
13 but within a census block group as described in subdivision (6)
14 or (10) of this section, either replaces a residence forty years
15 of age or older demolished for purposes of constructing a
16 replacement residence, or which is constructed on vacant property
17 which has been classified for not less than forty continuous
18 years as residential or utility, commercial, railroad or other
19 real property pursuant to article X, section 4(b) of the Missouri
20 Constitution, as defined in section 137.016, RSMo; except that,
21 no new residence shall be constructed in a flood plain or on
22 property used for agricultural purposes. In a distressed
23 community, the term "new residence" shall include condominiums,
24 owner-occupied units or other units intended to be owner-occupied
25 in multiple unit structures;

26 (9) "Project", new construction, rehabilitation or
27 substantial rehabilitation of a residence that qualifies for a
28 tax credit pursuant to sections 135.475 to 135.487;

1 (10) "Qualifying residence", a single-family residence,
2 forty years of age or older, located in this state which is
3 occupied or intended to be occupied long-term by the owner or
4 offered for sale at market rate for owner-occupancy and which is
5 located in a metropolitan statistical area or nonmetropolitan
6 statistical area within a United States census block group which
7 has a median household income of less than seventy percent of the
8 median household income for the metropolitan statistical area or
9 nonmetropolitan area, respectively, or which is located within a
10 distressed community. A qualifying residence shall include a
11 condominium or residence within a multiple residential structure
12 or a structure containing multiple single-family residences which
13 is located within a distressed community;

14 (11) "Substantial rehabilitation", rehabilitation the costs
15 of which exceed fifty percent of either the purchase price or the
16 cost basis of the structure immediately prior to rehabilitation;
17 provided that, the structure is at least fifty years old
18 notwithstanding any provision of sections 135.475 to 135.487 to
19 the contrary;

20 (12) "Tax liability", the tax due pursuant to chapter 143,
21 147 or 148, RSMo, other than taxes withheld pursuant to sections
22 143.191 to 143.265, RSMo;

23 (13) "Taxpayer", any person, partnership, corporation,
24 trust [or], limited liability company, or any charitable
25 organization which is exempt from federal income tax and whose
26 Missouri unrelated business taxable income, if any, would be
27 subject to the state income tax imposed under chapter 143, RSMo.

28 135.500. 1. Sections 135.500 to 135.529 shall be known and

1 may be cited as the "Missouri Certified Capital Company Law".

2 2. As used in sections 135.500 to 135.529, the following
3 terms mean:

4 (1) "Affiliate of a certified company":

5 (a) Any person, directly or indirectly owning, controlling
6 or holding power to vote ten percent or more of the outstanding
7 voting securities or other ownership interests of the Missouri
8 certified capital company;

9 (b) Any person ten percent or more of whose outstanding
10 voting securities or other ownership interest are directly or
11 indirectly owned, controlled or held with power to vote by the
12 Missouri certified capital company;

13 (c) Any person directly or indirectly controlling,
14 controlled by, or under common control with the Missouri
15 certified capital company;

16 (d) A partnership in which the Missouri certified capital
17 company is a general partner;

18 (e) Any person who is an officer, director or agent of the
19 Missouri certified capital company or an immediate family member
20 of such officer, director or agent;

21 (2) "Applicable percentage", one hundred percent;

22 (3) "Capital in a qualified Missouri business", any debt,
23 equity or hybrid security, of any nature and description
24 whatsoever, including a debt instrument or security which has the
25 characteristics of debt but which provides for conversion into
26 equity or equity participation instruments such as options or
27 warrants which are acquired by a Missouri certified capital
28 company or a qualified investing entity as a result of a transfer

1 of cash to a business;

2 (4) "Certified capital", an investment of cash by an
3 investor in a Missouri certified capital company;

4 (5) "Certified capital company", any partnership,
5 corporation, trust or limited liability company, whether
6 organized on a profit or not-for-profit basis, that is located,
7 headquartered and registered to conduct business in Missouri that
8 has as its primary business activity, the investment of cash in
9 qualified Missouri businesses, and which is certified by the
10 department as meeting the criteria of sections 135.500 to
11 135.529;

12 (6) "Department", the Missouri department of economic
13 development;

14 (7) "Director", the director of the department of economic
15 development or a person acting under the supervision of the
16 director;

17 (8) "Investor", any insurance company that contributes
18 cash;

19 (9) "Liquidating distribution", payments to investors or to
20 the certified capital company from earnings;

21 (10) "Person", any natural person or entity, including a
22 corporation, general or limited partnership, trust [or], limited
23 liability company, or any charitable organization which is exempt
24 from federal income tax and whose Missouri unrelated business
25 taxable income, if any, would be subject to the state income tax
26 imposed under chapter 143, RSMo;

27 (11) "Qualified distribution", any distribution or payment
28 to equity holders of a certified capital company in connection

1 with the following:

2 (a) Reasonable costs and expenses of forming, syndicating,
3 managing and operating the certified capital company;

4 (b) Management fees for managing and operating the
5 certified capital company; and

6 (c) Any increase in federal or state taxes, penalties and
7 interest, including those related to state and federal income
8 taxes, of equity owners of a certified capital company which
9 related to the ownership, management or operation of a certified
10 capital company;

11 (12) "Qualified investing entity", any partnership,
12 corporation, trust, or limited liability company, whether
13 organized on a for-profit or not-for-profit basis, that:

14 (a) Is registered to do business in this state;

15 (b) Is a wholly owned subsidiary of a certified capital
16 company or otherwise affiliated with and under common control
17 with a certified capital company; and

18 (c) Has been designated as a qualified investing entity by
19 such certified capital company.

20

21 Such designation shall be effective upon delivery by the
22 certified capital company of written notice of the designation to
23 the department. A qualified investing entity may raise debt or
24 equity capital for investment, but such capital shall not be
25 considered certified capital. Any qualified investment made by a
26 qualified investing entity after the effective date of this act
27 shall be deemed to have been made by a certified capital company
28 that designated the qualified investing entity as such; provided

1 that no qualified investment may be deemed to have been made by
2 more than one certified capital company;

3 (13) "Qualified investment", the investment of cash by a
4 Missouri certified capital company or a qualified investing
5 entity in such a manner as to acquire capital in a qualified
6 Missouri business;

7 (14) "Qualified Missouri business", an independently owned
8 and operated business, which is headquartered and located in
9 Missouri and which is in need of venture capital and cannot
10 obtain conventional financing. Such business shall have no more
11 than two hundred employees, eighty percent of which are employed
12 in Missouri. Such business shall be involved in commerce for the
13 purpose of manufacturing, processing or assembling products,
14 conducting research and development, or providing services in
15 interstate commerce, but excluding retail, real estate, real
16 estate development, insurance and professional services provided
17 by accountants, lawyers or physicians. At the time a certified
18 capital company or qualified investing entity makes an initial
19 investment in a business, such business shall be a small business
20 concern that meets the requirements of the United States Small
21 Business Administration's qualification size standards for its
22 venture capital program, as defined in Section 13 CFR 121.301 (c)
23 of the Small Business Investment Act of 1958, as amended. Any
24 business which is classified as a qualified Missouri business at
25 the time of the first investment in such business by a Missouri
26 certified capital company or qualified investing entity shall,
27 for a period of seven years from the date of such first
28 investment, remain classified as a qualified Missouri business

1 and may receive follow-on investments from any Missouri certified
2 capital company or qualified investing entity and such follow-on
3 investments shall be qualified investments even though such
4 business may not meet the other qualifications of this subsection
5 at the time of such follow-on investments;

6 (15) "State premium tax liability", any liability incurred
7 by an insurance company pursuant to the provisions of section
8 148.320, 148.340, 148.370 or 148.376, RSMo, and any other related
9 provisions, which may impose a tax upon the premium income of
10 insurance companies after January 1, 1997.

11 135.535. 1. A corporation, limited liability corporation,
12 partnership or sole proprietorship, which moves its operations
13 from outside Missouri or outside a distressed community into a
14 distressed community, or which commences operations in a
15 distressed community on or after January 1, 1999, and in either
16 case has more than seventy-five percent of its employees at the
17 facility in the distressed community, and which has fewer than
18 one hundred employees for whom payroll taxes are paid, and which
19 is a manufacturing, biomedical, medical devices, scientific
20 research, animal research, computer software design or
21 development, computer programming, including Internet, web
22 hosting, and other information technology, wireless or wired or
23 other telecommunications or a professional firm shall receive a
24 forty percent credit against income taxes owed pursuant to
25 chapter 143, 147 or 148, RSMo, other than taxes withheld pursuant
26 to sections 143.191 to 143.265, RSMo, for each of the three years
27 after such move, if approved by the department of economic
28 development, which shall issue a certificate of eligibility if

1 the department determines that the taxpayer is eligible for such
2 credit. The maximum amount of credits per taxpayer set forth in
3 this subsection shall not exceed one hundred twenty-five thousand
4 dollars for each of the three years for which the credit is
5 claimed. The department of economic development, by means of
6 rule or regulation promulgated pursuant to the provisions of
7 chapter 536, RSMo, shall assign appropriate North American
8 Industry Classification System numbers to the companies which are
9 eligible for the tax credits provided for in this section. Such
10 three-year credits shall be awarded only one time to any company
11 which moves its operations from outside of Missouri or outside of
12 a distressed community into a distressed community or to a
13 company which commences operations within a distressed community.
14 A taxpayer shall file an application for certification of the tax
15 credits for the first year in which credits are claimed and for
16 each of the two succeeding taxable years for which credits are
17 claimed.

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

1 amount of such credit and shall report the amount to the employee
2 and the department of revenue.

3 3. A tax credit against income taxes owed pursuant to
4 chapter 143, 147 or 148, RSMo, other than the taxes withheld
5 pursuant to sections 143.191 to 143.265, RSMo, in lieu of the
6 credit against income taxes as provided in subsection 1 of this
7 section, may be taken by such an entity in a distressed community
8 in an amount of forty percent of the amount of funds expended for
9 computer equipment and its maintenance, medical laboratories and
10 equipment, research laboratory equipment, manufacturing
11 equipment, fiber optic equipment, high speed telecommunications,
12 wiring or software development expense up to a maximum of
13 seventy-five thousand dollars in tax credits for such equipment
14 or expense per year per entity and for each of three years after
15 commencement in or moving operations into a distressed community.

16 4. A corporation, partnership or sole partnership, which
17 has no more than one hundred employees for whom payroll taxes are
18 paid, which is already located in a distressed community and
19 which expends funds for such equipment pursuant to subsection 3
20 of this section in an amount exceeding its average of the prior
21 two years for such equipment, shall be eligible to receive a tax
22 credit against income taxes owed pursuant to chapters 143, 147
23 and 148, RSMo, in an amount equal to the lesser of seventy-five
24 thousand dollars or twenty-five percent of the funds expended for
25 such additional equipment per such entity. Tax credits allowed
26 pursuant to this subsection or subsection 1 of this section may
27 be carried back to any of the three prior tax years and carried
28 forward to any of the five tax years.

1 5. An existing corporation, partnership or sole
2 proprietorship that is located within a distressed community and
3 that relocates employees from another facility outside of the
4 distressed community to its facility within the distressed
5 community, and an existing business located within a distressed
6 community that hires new employees for that facility may both be
7 eligible for the tax credits allowed by subsections 1 and 3 of
8 this section. To be eligible for such tax credits, such a
9 business, during one of its tax years, shall employ within a
10 distressed community at least twice as many employees as were
11 employed at the beginning of that tax year. A business hiring
12 employees shall have no more than one hundred employees before
13 the addition of the new employees. This subsection shall only
14 apply to a business which is a manufacturing, biomedical, medical
15 devices, scientific research, animal research, computer software
16 design or development, computer programming or telecommunications
17 business, or a professional firm.

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

23 7. The tax credits allowed pursuant to subsections 1, 2, 3,
24 4 and 5 of this section shall be for an amount of no more than
25 ten million dollars for each year beginning in 1999. To the
26 extent there are available tax credits remaining under the ten
27 million dollar cap provided in this section, up to one hundred
28 thousand dollars in the remaining credits shall first be used for

1 tax credits authorized under section 135.562. The total maximum
2 credit for all entities already located in distressed communities
3 and claiming credits pursuant to subsection 4 of this section
4 shall be seven hundred and fifty thousand dollars. The
5 department of economic development in approving taxpayers for the
6 credit as provided for in subsection 6 of this section shall use
7 information provided by the department of revenue regarding taxes
8 paid in the previous year, or projected taxes for those entities
9 newly established in the state, as the method of determining when
10 this maximum will be reached and shall maintain a record of the
11 order of approval. Any tax credit not used in the period for
12 which the credit was approved may be carried over until the full
13 credit has been allowed.

14 8. A Missouri employer relocating into a distressed
15 community and having employees covered by a collective bargaining
16 agreement at the facility from which it is relocating shall not
17 be eligible for the credits in subsection 1, 3, 4 or 5 of this
18 section, and its employees shall not be eligible for the credit
19 in subsection 2 of this section if the relocation violates or
20 terminates a collective bargaining agreement covering employees
21 at the facility, unless the affected collective bargaining unit
22 concurs with the move.

23 9. Notwithstanding any provision of law to the contrary, no
24 taxpayer shall earn the tax credits allowed in this section and
25 the tax credits otherwise allowed in section 135.110, or the tax
26 credits, exemptions, and refund otherwise allowed in sections
27 135.200, 135.220, 135.225 and 135.245, respectively, for the same
28 business for the same tax period.

1 135.545. A taxpayer shall be allowed a credit for taxes
2 paid pursuant to chapter 143, 147 or 148, RSMo, in an amount
3 equal to fifty percent of a qualified investment in
4 transportation development for aviation, mass transportation,
5 including parking facilities for users of mass transportation,
6 railroads, ports, including parking facilities and limited access
7 roads within ports, waterborne transportation, bicycle and
8 pedestrian paths, or rolling stock located in a distressed
9 community as defined in section 135.530, and which are part of a
10 development plan approved by the appropriate local agency. If
11 the department of economic development determines the investment
12 has been so approved, the department shall grant the tax credit
13 in order of date received. A taxpayer may carry forward any
14 unused tax credit for up to ten years and may carry it back for
15 the previous three years until such credit has been fully
16 claimed. Certificates of tax credit issued in accordance with
17 this section may be transferred, sold or assigned by notarized
18 endorsement which names the transferee. The tax credits allowed
19 pursuant to this section shall be for an amount of no more than
20 ten million dollars for each year. This credit shall apply to
21 returns filed for all taxable years beginning on or after January
22 1, 1999. Any unused portion of the tax credit authorized
23 pursuant to this section shall be available for use in the future
24 by those entities until fully claimed. For purposes of this
25 section, a "taxpayer" shall include any charitable organization
26 that is exempt from federal income tax and whose Missouri
27 unrelated business taxable income, if any, would be subject to
28 the state income tax imposed under chapter 143, RSMo.

1 135.550. 1. As used in this section, the following terms
2 shall mean:

3 (1) "Contribution", a donation of cash, stock, bonds or
4 other marketable securities, or real property;

5 (2) "Shelter for victims of domestic violence", a facility
6 located in this state which meets the definition of a shelter for
7 victims of domestic violence pursuant to section 455.200, RSMo,
8 and which meets the requirements of section 455.220, RSMo;

9 (3) "State tax liability", in the case of a business
10 taxpayer, any liability incurred by such taxpayer pursuant to the
11 provisions of chapter 143, RSMo, chapter 147, RSMo, chapter 148,
12 RSMo, and chapter 153, RSMo, exclusive of the provisions relating
13 to the withholding of tax as provided for in sections 143.191 to
14 143.265, RSMo, and related provisions, and in the case of an
15 individual taxpayer, any liability incurred by such taxpayer
16 pursuant to the provisions of chapter 143, RSMo;

17 (4) "Taxpayer", a person, firm, a partner in a firm,
18 corporation or a shareholder in an S corporation doing business
19 in the state of Missouri and subject to the state income tax
20 imposed by the provisions of chapter 143, RSMo, or a corporation
21 subject to the annual corporation franchise tax imposed by the
22 provisions of chapter 147, RSMo, including any charitable
23 organization which is exempt from federal income tax and whose
24 Missouri unrelated business taxable income, if any, would be
25 subject to the state income tax imposed under chapter 143, RSMo,
26 or an insurance company paying an annual tax on its gross premium
27 receipts in this state, or other financial institution paying
28 taxes to the state of Missouri or any political subdivision of

1 this state pursuant to the provisions of chapter 148, RSMo, or an
2 express company which pays an annual tax on its gross receipts in
3 this state pursuant to chapter 153, RSMo, or an individual
4 subject to the state income tax imposed by the provisions of
5 chapter 143, RSMo.

6 2. A taxpayer shall be allowed to claim a tax credit
7 against the taxpayer's state tax liability, in an amount equal to
8 fifty percent of the amount such taxpayer contributed to a
9 shelter for victims of domestic violence.

10 3. The amount of the tax credit claimed shall not exceed
11 the amount of the taxpayer's state tax liability for the taxable
12 year that the credit is claimed, and such taxpayer shall not be
13 allowed to claim a tax credit in excess of fifty thousand dollars
14 per taxable year. However, any tax credit that cannot be claimed
15 in the taxable year the contribution was made may be carried over
16 to the next four succeeding taxable years until the full credit
17 has been claimed. Notwithstanding any other law to the contrary,
18 any tax credits granted under this section may be assigned,
19 transferred, sold, or otherwise conveyed without consent or
20 approval.

21 4. Except for any excess credit which is carried over
22 pursuant to subsection 3 of this section, a taxpayer shall not be
23 allowed to claim a tax credit unless the total amount of such
24 taxpayer's contribution or contributions to a shelter or shelters
25 for victims of domestic violence in such taxpayer's taxable year
26 has a value of at least one hundred dollars.

27 5. The director of the department of social services shall
28 determine, at least annually, which facilities in this state may

1 be classified as shelters for victims of domestic violence. The
2 director of the department of social services may require of a
3 facility seeking to be classified as a shelter for victims of
4 domestic violence whatever information is reasonably necessary to
5 make such a determination. The director of the department of
6 social services shall classify a facility as a shelter for
7 victims of domestic violence if such facility meets the
8 definition set forth in subsection 1 of this section.

9 6. The director of the department of social services shall
10 establish a procedure by which a taxpayer can determine if a
11 facility has been classified as a shelter for victims of domestic
12 violence, and by which such taxpayer can then contribute to such
13 shelter for victims of domestic violence and claim a tax credit.
14 Shelters for victims of domestic violence shall be permitted to
15 decline a contribution from a taxpayer. The cumulative amount of
16 tax credits which may be claimed by all the taxpayers
17 contributing to shelters for victims of domestic violence in any
18 one fiscal year shall not exceed two million dollars.

19 7. The director of the department of social services shall
20 establish a procedure by which, from the beginning of the fiscal
21 year until some point in time later in the fiscal year to be
22 determined by the director of the department of social services,
23 the cumulative amount of tax credits are equally apportioned
24 among all facilities classified as shelters for victims of
25 domestic violence. If a shelter for victims of domestic violence
26 fails to use all, or some percentage to be determined by the
27 director of the department of social services, of its apportioned
28 tax credits during this predetermined period of time, the

1 director of the department of social services may reapportion
2 these unused tax credits to those shelters for victims of
3 domestic violence that have used all, or some percentage to be
4 determined by the director of the department of social services,
5 of their apportioned tax credits during this predetermined period
6 of time. The director of the department of social services may
7 establish more than one period of time and reapportion more than
8 once during each fiscal year. To the maximum extent possible,
9 the director of the department of social services shall establish
10 the procedure described in this subsection in such a manner as to
11 ensure that taxpayers can claim all the tax credits possible up
12 to the cumulative amount of tax credits available for the fiscal
13 year.

14 8. This section shall become effective January 1, 2000, and
15 shall apply to all tax years after December 31, 1999.

16 135.562. 1. If any taxpayer with a federal adjusted gross
17 income of thirty thousand dollars or less incurs costs for the
18 purpose of making all or any portion of such taxpayer's principal
19 dwelling accessible to an individual with a disability who
20 permanently resides with the taxpayer, such taxpayer shall
21 receive a tax credit against such taxpayer's Missouri income tax
22 liability in an amount equal to the lesser of one hundred percent
23 of such costs or two thousand five hundred dollars per taxpayer,
24 per tax year.

25 2. Any taxpayer with a federal adjusted gross income
26 greater than thirty thousand dollars but less than sixty thousand
27 dollars who incurs costs for the purpose of making all or any
28 portion of such taxpayer's principal dwelling accessible to an

1 individual with a disability who permanently resides with the
2 taxpayer, shall receive a tax credit against such taxpayer's
3 Missouri income tax liability in an amount equal to the lesser of
4 fifty percent of such costs or two thousand five hundred dollars
5 per taxpayer, per tax year.

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

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

11 (1) Constructing entrance or exit ramps;

12 (2) Widening exterior or interior doorways;

13 (3) Widening hallways;

14 (4) Installing handrails or grab bars;

15 (5) Moving electrical outlets and switches;

16 (6) Installing stairway lifts;

17 (7) Installing or modifying fire alarms, smoke detectors,
18 and other alerting systems;

19 (8) Modifying hardware of doors; or

20 (9) Modifying bathrooms.

21 5. The tax credits allowed, including the maximum amount
22 that may be claimed, pursuant to this section shall be reduced by
23 one-third to the extent a taxpayer has already deducted such
24 costs from such taxpayer's federal adjusted gross income or
25 applied any other state or federal income tax credit to such
26 costs.

27 6. A taxpayer shall claim a credit allowed by this section
28 in the same taxable year as the credit is issued, and at the time

1 such taxpayer files his or her Missouri income tax return;
2 provided that, such return is timely filed.

3 7. The department may, in consultation with the department
4 of social services, promulgate such rules or regulations as are
5 necessary to administer the provisions of this section. Any rule
6 or portion of a rule, as that term is defined in section 536.010,
7 RSMo, that is created under the authority delegated in this
8 section shall become effective only if it complies with and is
9 subject to all of the provisions of chapter 536, RSMo, and, if
10 applicable, section 536.028, RSMo. This section and chapter 536,
11 RSMo, are nonseverable and if any of the powers vested with the
12 general assembly pursuant to chapter 536, RSMo, to review, to
13 delay the effective date or to disapprove and annul a rule are
14 subsequently held unconstitutional, then the grant of rulemaking
15 authority and any rule proposed or adopted after August 28, 2007,
16 shall be invalid and void.

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

19 9. The provisions of this section shall expire December 31,
20 2013.

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

26 135.600. 1. As used in this section, the following terms
27 shall mean:

28 (1) "Contribution", a donation of cash, stock, bonds or

1 other marketable securities, or real property;

2 (2) "Maternity home", a residential facility located in
3 this state established for the purpose of providing housing and
4 assistance to pregnant women who are carrying their pregnancies
5 to term, and which is exempt from income taxation under the
6 United States Internal Revenue Code;

7 (3) "State tax liability", in the case of a business
8 taxpayer, any liability incurred by such taxpayer pursuant to the
9 provisions of chapter 143, RSMo, chapter 147, RSMo, chapter 148,
10 RSMo, and chapter 153, RSMo, exclusive of the provisions relating
11 to the withholding of tax as provided for in sections 143.191 to
12 143.265, RSMo, and related provisions, and in the case of an
13 individual taxpayer, any liability incurred by such taxpayer
14 pursuant to the provisions of chapter 143, RSMo;

15 (4) "Taxpayer", a person, firm, a partner in a firm,
16 corporation or a shareholder in an S corporation doing business
17 in the state of Missouri and subject to the state income tax
18 imposed by the provisions of chapter 143, RSMo, including any
19 charitable organization which is exempt from federal income tax
20 and whose Missouri unrelated business taxable income, if any,
21 would be subject to the state income tax imposed under chapter
22 143, RSMo, or a corporation subject to the annual corporation
23 franchise tax imposed by the provisions of chapter 147, RSMo, or
24 an insurance company paying an annual tax on its gross premium
25 receipts in this state, or other financial institution paying
26 taxes to the state of Missouri or any political subdivision of
27 this state pursuant to the provisions of chapter 148, RSMo, or an
28 express company which pays an annual tax on its gross receipts in

1 this state pursuant to chapter 153, RSMo, or an individual
2 subject to the state income tax imposed by the provisions of
3 chapter 143, RSMo.

4 2. A taxpayer shall be allowed to claim a tax credit
5 against the taxpayer's state tax liability, in an amount equal to
6 fifty percent of the amount such taxpayer contributed to a
7 maternity home.

8 3. The amount of the tax credit claimed shall not exceed
9 the amount of the taxpayer's state tax liability for the taxable
10 year that the credit is claimed, and such taxpayer shall not be
11 allowed to claim a tax credit in excess of fifty thousand dollars
12 per taxable year. However, any tax credit that cannot be claimed
13 in the taxable year the contribution was made may be carried over
14 to the next four succeeding taxable years until the full credit
15 has been claimed.

16 4. Except for any excess credit which is carried over
17 pursuant to subsection 3 of this section, a taxpayer shall not be
18 allowed to claim a tax credit unless the total amount of such
19 taxpayer's contribution or contributions to a maternity home or
20 homes in such taxpayer's taxable year has a value of at least one
21 hundred dollars.

22 5. The director of the department of social services shall
23 determine, at least annually, which facilities in this state may
24 be classified as maternity homes. The director of the department
25 of social services may require of a facility seeking to be
26 classified as a maternity home whatever information is reasonably
27 necessary to make such a determination. The director of the
28 department of social services shall classify a facility as a

1 maternity home if such facility meets the definition set forth in
2 subsection 1 of this section.

3 6. The director of the department of social services shall
4 establish a procedure by which a taxpayer can determine if a
5 facility has been classified as a maternity home, and by which
6 such taxpayer can then contribute to such maternity home and
7 claim a tax credit. Maternity homes shall be permitted to
8 decline a contribution from a taxpayer. The cumulative amount of
9 tax credits which may be claimed by all the taxpayers
10 contributing to maternity homes in any one fiscal year shall not
11 exceed two million dollars.

12 7. The director of the department of social services shall
13 establish a procedure by which, from the beginning of the fiscal
14 year until some point in time later in the fiscal year to be
15 determined by the director of the department of social services,
16 the cumulative amount of tax credits are equally apportioned
17 among all facilities classified as maternity homes. If a
18 maternity home fails to use all, or some percentage to be
19 determined by the director of the department of social services,
20 of its apportioned tax credits during this predetermined period
21 of time, the director of the department of social services may
22 reapportion these unused tax credits to those maternity homes
23 that have used all, or some percentage to be determined by the
24 director of the department of social services, of their
25 apportioned tax credits during this predetermined period of time.
26 The director of the department of social services may establish
27 more than one period of time and reapportion more than once
28 during each fiscal year. To the maximum extent possible, the

1 director of the department of social services shall establish the
2 procedure described in this subsection in such a manner as to
3 ensure that taxpayers can claim all the tax credits possible up
4 to the cumulative amount of tax credits available for the fiscal
5 year.

6 8. This section shall become effective January 1, 2000, and
7 shall apply to all tax years after December 31, 1999.

8 135.630. 1. As used in this section, the following terms
9 mean:

10 (1) "Contribution", a donation of cash, stock, bonds, or
11 other marketable securities, or real property;

12 (2) "Director", the director of the department of social
13 services;

14 (3) "Pregnancy resource center", a nonresidential facility
15 located in this state:

16 (a) Established and operating primarily to provide
17 assistance to women with crisis pregnancies or unplanned
18 pregnancies by offering pregnancy testing, counseling, emotional
19 and material support, and other similar services to encourage and
20 assist such women in carrying their pregnancies to term; and

21 (b) Where childbirths are not performed; and

22 (c) Which does not perform, induce, or refer for abortions
23 and which does not hold itself out as performing, inducing, or
24 referring for abortions; and

25 (d) Which provides direct client services at the facility,
26 as opposed to merely providing counseling or referral services by
27 telephone; and

28 (e) Which provides its services at no cost to its clients;

1 and

2 (f) When providing medical services, such medical services
3 must be performed in accordance with Missouri statute; and

4 (g) Which is exempt from income taxation pursuant to the
5 Internal Revenue Code of 1986, as amended;

6 (4) "State tax liability", in the case of a business
7 taxpayer, any liability incurred by such taxpayer pursuant to the
8 provisions of chapters 143, 147, 148, and 153, RSMo, excluding
9 sections 143.191 to 143.265, RSMo, and related provisions, and in
10 the case of an individual taxpayer, any liability incurred by
11 such taxpayer pursuant to the provisions of chapter 143, RSMo,
12 excluding sections 143.191 to 143.265, RSMo, and related
13 provisions;

14 (5) "Taxpayer", a person, firm, a partner in a firm,
15 corporation, or a shareholder in an S corporation doing business
16 in the state of Missouri and subject to the state income tax
17 imposed by the provisions of chapter 143, RSMo, or a corporation
18 subject to the annual corporation franchise tax imposed by the
19 provisions of chapter 147, RSMo, or an insurance company paying
20 an annual tax on its gross premium receipts in this state, or
21 other financial institution paying taxes to the state of Missouri
22 or any political subdivision of this state pursuant to the
23 provisions of chapter 148, RSMo, or an express company which pays
24 an annual tax on its gross receipts in this state pursuant to
25 chapter 153, RSMo, or an individual subject to the state income
26 tax imposed by the provisions of chapter 143, RSMo, or any
27 charitable organization which is exempt from federal income tax
28 and whose Missouri unrelated business taxable income, if any,

1 would be subject to the state income tax imposed under chapter
2 143, RSMo.

3 2. For all tax years beginning on or after January 1, 2007,
4 a taxpayer shall be allowed to claim a tax credit against the
5 taxpayer's state tax liability in an amount equal to fifty
6 percent of the amount such taxpayer contributed to a pregnancy
7 resource center.

8 3. The amount of the tax credit claimed shall not exceed
9 the amount of the taxpayer's state tax liability for the taxable
10 year for which the credit is claimed, and such taxpayer shall not
11 be allowed to claim a tax credit in excess of fifty thousand
12 dollars per taxable year. However, any tax credit that cannot be
13 claimed in the taxable year the contribution was made may be
14 carried over to the next four succeeding taxable years until the
15 full credit has been claimed.

16 4. Except for any excess credit which is carried over
17 pursuant to subsection 3 of this section, a taxpayer shall not be
18 allowed to claim a tax credit unless the total amount of such
19 taxpayer's contribution or contributions to a pregnancy resource
20 center or centers in such taxpayer's taxable year has a value of
21 at least one hundred dollars.

22 5. The director shall determine, at least annually, which
23 facilities in this state may be classified as pregnancy resource
24 centers. The director may require of a facility seeking to be
25 classified as a pregnancy resource center whatever information
26 which is reasonably necessary to make such a determination. The
27 director shall classify a facility as a pregnancy resource center
28 if such facility meets the definition set forth in subsection 1

1 of this section.

2 6. The director shall establish a procedure by which a
3 taxpayer can determine if a facility has been classified as a
4 pregnancy resource center. Pregnancy resource centers shall be
5 permitted to decline a contribution from a taxpayer. The
6 cumulative amount of tax credits which may be claimed by all the
7 taxpayers contributing to pregnancy resource centers in any one
8 fiscal year shall not exceed two million dollars. Tax credits
9 shall be issued in the order contributions are received.

10 7. The director shall establish a procedure by which, from
11 the beginning of the fiscal year until some point in time later
12 in the fiscal year to be determined by the director, the
13 cumulative amount of tax credits are equally apportioned among
14 all facilities classified as pregnancy resource centers. If a
15 pregnancy resource center fails to use all, or some percentage to
16 be determined by the director, of its apportioned tax credits
17 during this predetermined period of time, the director may
18 reapportion these unused tax credits to those pregnancy resource
19 centers that have used all, or some percentage to be determined
20 by the director, of their apportioned tax credits during this
21 predetermined period of time. The director may establish more
22 than one period of time and reapportion more than once during
23 each fiscal year. To the maximum extent possible, the director
24 shall establish the procedure described in this subsection in
25 such a manner as to ensure that taxpayers can claim all the tax
26 credits possible up to the cumulative amount of tax credits
27 available for the fiscal year.

28 8. Each pregnancy resource center shall provide information

1 to the director concerning the identity of each taxpayer making a
2 contribution to the pregnancy resource center who is claiming a
3 tax credit pursuant to this section and the amount of the
4 contribution. The director shall provide the information to the
5 director of revenue. The director shall be subject to the
6 confidentiality and penalty provisions of section 32.057, RSMo,
7 relating to the disclosure of tax information.

8 9. Notwithstanding any other law to the contrary, any tax
9 credits granted under this section may be assigned, transferred,
10 sold, or otherwise conveyed without consent or approval.

11 10. Pursuant to section 23.253, RSMo, of the Missouri
12 sunset act:

13 (1) Any new program authorized under this section shall
14 automatically sunset six years after August 28, 2006, unless
15 reauthorized by an act of the general assembly; and

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

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

22 135.662. 1. As used in this section, the following terms
23 shall mean:

24 (1) "Adjusted purchase price", the product of:

25 (a) The amount paid to the issuer of a qualified equity
26 investment for such qualified equity investment; and

27 (b) The following fraction:

28 a. The numerator shall be the dollar amount of qualified

1 low-income community investments held by the issuer in this state
2 as of the credit allowance date during the applicable tax year;
3 and

4 b. The denominator shall be the total dollar amount of
5 qualified low-income community investments held by the issuer in
6 all states as of the credit allowance date during the applicable
7 tax year;

8 c. For purposes of calculating the amount of qualified low-
9 income community investments held by an issuer, an investment
10 shall be considered held by an issuer even if the investment has
11 been sold or repaid; provided that the issuer reinvests an amount
12 equal to the capital returned to or recovered by the issuer from
13 the original investment, exclusive of any profits realized, in
14 another qualified low-income community investment within twelve
15 months of the receipt of such capital. An issuer shall not be
16 required to reinvest capital returned from qualified low-income
17 community investments after the sixth anniversary of the issuance
18 of the qualified equity investment, the proceeds of which were
19 used to make the qualified low-income community investment, and
20 the qualified low-income community investment shall be considered
21 held by the issuer through the seventh anniversary of the
22 qualified equity investment's issuance;

23 (2) "Applicable percentage", zero percent for each of the
24 first two credit allowance dates, seven percent for the third
25 credit allowance date, and eight percent for the next four credit
26 allowance dates;

27 (3) "Credit allowance date", with respect to any qualified
28 equity investment;

1 (a) The date on which such investment is initially made;
2 and

3 (b) Each of the six anniversary dates of such dates
4 thereafter;

5 (4) "Long-term debt security", any debt instrument issued
6 by a qualified community development entity, at par value or a
7 premium, with an original maturity date of at least seven years
8 from the date of its issuance, with no acceleration of repayment,
9 amortization, or prepayment features prior to its original
10 maturity date, and with no distribution, payment, or interest
11 features related to the profitability of the qualified community
12 development entity or the performance of the qualified community
13 development entity's investment portfolio. The foregoing shall
14 in no way limit the holder's ability to accelerate payments on
15 the debt instrument in situations where the issuer has defaulted
16 on covenants designed to ensure compliance with this section or
17 Section 45D of the Internal Revenue Code of 1986, as amended;

18 (5) "Qualified active low-income community business", the
19 meaning given such term in Section 45D of the Internal Revenue
20 Code of 1986, as amended; provided that any business that derives
21 or projects to derive fifteen percent or more of its annual
22 revenue from the rental or sale of real estate shall not be
23 considered to be a qualified active low-income community
24 business;

25 (6) "Qualified community development entity", the meaning
26 given such term in Section 45D of the Internal Revenue Code of
27 1986, as amended; provided that such entity has entered into an
28 allocation agreement with the Community Development Financial

1 Institutions Fund of the U.S. Treasury Department with respect to
2 credits authorized by Section 45D of the Internal Revenue Code of
3 1986, as amended;

4 (7) "Qualified Equity Investment", any equity investment
5 in, or long-term debt security issued by, a qualified community
6 development entity that:

7 (a) Is acquired after the effective date of this section at
8 its original issuance solely in exchange for cash;

9 (b) Has at least eighty-five percent of its cash purchase
10 price used by the issuer to make qualified low-income community
11 investments; and

12 (c) Is designated by the issuer as a qualified equity
13 investment.

14
15 This term shall include any qualified equity investment that does
16 not meet the provisions of paragraph (a) of this subdivision if
17 such investment was a qualified equity investment in the hands of
18 a prior holder;

19 (8) "Qualified low-income community investment", any
20 capital or equity investment in, or loan to, any qualified active
21 low-income community business. With respect to any one qualified
22 active low-income community business, the maximum amount of
23 qualified low-income community investments made in such business,
24 on a collective basis with all of its affiliates, that may be
25 used from the calculation of any numerator described in
26 subparagraph (a) of paragraph (b) of subdivision (1) of this
27 subsection shall be ten million dollars whether issued to one or
28 several qualified community development entities;

1 (9) "Tax credit", a credit against the tax otherwise due
2 under chapter 143, RSMo, excluding withholding tax imposed in
3 sections 143.191 to 143.265, RSMo, or otherwise due under section
4 375.916, RSMo, or chapter 147, 148, or 153, RSMo;

5 (10) "Taxpayer", any individual or entity subject to the
6 tax imposed in chapter 143, RSMo, excluding withholding tax
7 imposed in sections 143.191 to 143.265, RSMo, or the tax imposed
8 in section 375.916, RSMo, or chapter 147, 148, or 153, RSMo.

9 2. A taxpayer that holds a qualified equity investment on a
10 credit allowance date of such qualified equity investment shall
11 be entitled to a tax credit during the taxable year including
12 such credit allowance date. The tax credit amount shall be equal
13 to the applicable percentage of the adjusted purchase price paid
14 to the issuer of such qualified equity investment. The amount of
15 the tax credit claimed shall not exceed the amount of the
16 taxpayer's state tax liability for the tax year for which the tax
17 credit is claimed. No tax credit claimed under this section
18 shall be refundable or transferable. Tax credits earned by a
19 partnership, limited liability company, S-corporation, or other
20 "pass-through" entity may be allocated to the partners, members,
21 or shareholders of such entity for their direct use in accordance
22 with the provisions of any agreement among such partners,
23 members, or shareholders. Any amount of tax credit that the
24 taxpayer is prohibited by this section from claiming in a taxable
25 year may be carried forward to any of the taxpayer's five
26 subsequent taxable years. The department of economic development
27 shall limit the monetary amount of qualified equity investments
28 permitted under this section to a level necessary to limit tax

1 credit utilization at no more than fifteen million dollars of tax
2 credits in any fiscal year. Such limitation on qualified equity
3 investments shall be based on the anticipated utilization of
4 credits without regard to the potential for taxpayers to carry
5 forward tax credits to later tax years.

6 3. The issuer of the qualified equity investment shall
7 certify to the department of economic development the anticipated
8 dollar amount of such investments to be made in this state during
9 the first twelve-month period following the initial credit
10 allowance date. If on the second credit allowance date, the
11 actual dollar amount of such investments is different than the
12 amount estimated, the department of economic development shall
13 adjust the credits arising on the second allowance date to
14 account for such difference.

15 4. The department of economic development shall recapture
16 the tax credit allowed under this section with respect to such
17 qualified equity investment under this section if:

18 (1) Any amount of the federal tax credit available with
19 respect to a qualified equity investment that is eligible for a
20 tax credit under this section is recaptured under Section 45D of
21 the Internal Revenue Code of 1986, as amended; or

22 (2) The issuer redeems or makes principal repayment with
23 respect to a qualified equity investment prior to the seventh
24 anniversary of the issuance of such qualified equity investment.

25
26 Any tax credit that is subject to recapture shall be recaptured
27 from the taxpayer that claimed the tax credit on a return.

28 5. The department of economic development shall promulgate

1 rules to implement the provisions of this section, including
2 recapture provisions on a scaled proportional basis, and to
3 administer the allocation of tax credits issued for qualified
4 equity investments, which shall be conducted on a first-come,
5 first-serve basis. Any rule or portion of a rule, as that term
6 is defined in section 536.010, RSMo, that is created under the
7 authority delegated in this section shall become effective only
8 if it complies with and is subject to all of the provisions of
9 chapter 536, RSMo, and, if applicable, section 536.028, RSMo.
10 This section and chapter 536, RSMo, are nonseverable and if any
11 of the powers vested with the general assembly pursuant to
12 chapter 536, RSMo, to review, to delay the effective date, or to
13 disapprove and annul a rule are subsequently held
14 unconstitutional, then the grant of rulemaking authority and any
15 rule proposed or adopted after August 28, 2007, shall be invalid
16 and void.

17 6. For fiscal years following fiscal year 2010, qualified
18 equity investments shall not be made under this section unless
19 reauthorization is made pursuant to this subsection. For all
20 fiscal years following fiscal year 2010, unless the general
21 assembly adopts a concurrent resolution granting authority to the
22 department of economic development to approve qualified equity
23 investments for the Missouri new markets development program and
24 clearly describing the amount of tax credits available for the
25 next fiscal year, or otherwise complies with the provisions of
26 this subsection, no qualified equity investments may be permitted
27 to be made under this section. The amount of available tax
28 credits contained in such a resolution shall not exceed the

1 limitation provided under subsection 2 of this section. In any
2 year in which the provisions of this section shall sunset
3 pursuant to subsection 7 of this section, reauthorization shall
4 be made by general law and not by concurrent resolution. Nothing
5 in this subsection shall preclude a taxpayer who makes a
6 qualified equity investment prior to the expiration of authority
7 to make qualified equity investments from claiming tax credits
8 relating to such qualified equity investment for each applicable
9 credit allowance date.

10 7. Under section 23.253, RSMo, of the Missouri sunset act:

11 (1) The provisions of the new program authorized under this
12 section shall automatically sunset six years after the effective
13 date of this section unless reauthorized by an act of the general
14 assembly; and

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

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

21
22 However, nothing in this subsection shall preclude a taxpayer who
23 makes a qualified equity investment prior to sunset of this
24 section under the provisions of section 23.253, RSMo, from
25 claiming tax credits relating to such qualified equity investment
26 for each credit allowance date.

27 135.750. 1. As used in this section, the following terms
28 mean:

1 (1) "Highly compensated individual", any individual who
2 receives compensation in excess of one million dollars in
3 connection with a single qualified film production project;

4 (2) "Qualified film production project", any film, video,
5 commercial, or television production, as approved by the
6 department of economic development and the office of the Missouri
7 film commission, that is under thirty minutes in length with an
8 expected in-state expenditure budget in excess of fifty thousand
9 dollars, or that is over thirty minutes in length with an
10 expected in-state expenditure budget in excess of one hundred
11 thousand dollars. Regardless of the production costs, "qualified
12 film production project" shall not include any:

13 (a) News or current events programming;

14 (b) Talk show;

15 (c) Production produced primarily for industrial,
16 corporate, or institutional purposes, and for internal use;

17 (d) Sports event or sports program;

18 (e) Gala presentation or awards show;

19 (f) Infomercial or any production that directly solicits
20 funds;

21 (g) Political ad;

22 (h) Production that is considered obscene, as defined in
23 section 573.010, RSMo;

24 (3) "Qualifying expenses", the sum of the total amount
25 spent in this state for the following by a production company in
26 connection with a qualified film production project:

27 (a) Goods and services leased or purchased by the
28 production company. For goods with a purchase price of twenty-

1 five thousand dollars or more, the amount included in qualifying
2 expenses shall be the purchase price less the fair market value
3 of the goods at the time the production is completed;

4 (b) Compensation and wages paid by the production company
5 on which the production company remitted withholding payments to
6 the department of revenue under chapter 143, RSMo. For purposes
7 of this section, compensation and wages shall not include any
8 amounts paid to a highly compensated individual;

9 (4) "Tax credit", a credit against the tax otherwise due
10 under chapter 143, RSMo, excluding withholding tax imposed by
11 sections 143.191 to 143.265, RSMo, or otherwise due under chapter
12 148, RSMo;

13 (5) "Taxpayer", any individual, partnership, or corporation
14 as described in section 143.441, 143.471, RSMo, or section
15 148.370, RSMo, that is subject to the tax imposed in chapter 143,
16 RSMo, excluding withholding tax imposed by sections 143.191 to
17 143.265, RSMo, or the tax imposed in chapter 148, RSMo, or any
18 charitable organization which is exempt from federal income tax
19 and whose Missouri unrelated business taxable income, if any,
20 would be subject to the state income tax imposed under chapter
21 143, RSMo.

22 2. For all taxable years beginning on or after January 1,
23 1999, but ending on or before December 31, 2007, a taxpayer shall
24 be granted a tax credit [against the tax otherwise due pursuant
25 to chapter 143, RSMo, excluding withholding tax imposed by
26 sections 143.191 to 143.261, RSMo, or chapter 148, RSMo,] for up
27 to fifty percent of the amount of investment in production or
28 production-related activities in [a qualified film production

1 project. As used in this section, the term "taxpayer" means an
2 individual, a partnership, or a corporation as described in
3 section 143.441, 143.471, RSMo, or section 148.370, RSMo, and the
4 term "qualified film production project" means] any film
5 production project with an expected in-state expenditure budget
6 in excess of three hundred thousand dollars. For all taxable
7 years beginning on or after January 1, 2008, a taxpayer shall be
8 allowed a tax credit for up to thirty-five percent of the amount
9 of qualifying expenses in a qualified film production project.
10 Each film production company shall be limited to one qualified
11 film production project per year. Activities qualifying a
12 taxpayer for the tax credit pursuant to this subsection shall be
13 approved by the office of the Missouri film commission and the
14 department of economic development.

15 [2.] 3. Taxpayers shall apply for the film production tax
16 credit by submitting an application to the department of economic
17 development, on a form provided by the department. As part of
18 the application, the expected in-state expenditures of the
19 qualified film production project shall be documented. In
20 addition, the application shall include an economic impact
21 statement, showing the economic impact from the activities of the
22 film production project. Such economic impact statement shall
23 indicate the impact on the region of the state in which the film
24 production or production-related activities are located and on
25 the state as a whole.

26 [3.] 4. For all taxable years ending on or before December
27 31, 2007, tax credits certified pursuant to subsection 1 of this
28 section shall not exceed one million dollars per taxpayer per

1 year, and shall not exceed a total for all tax credits certified
2 of one million five hundred thousand dollars per year. For all
3 taxable years beginning on or after January 1, 2008, tax credits
4 certified under subsection 1 of this section shall not exceed a
5 total for all tax credits certified of ten million five hundred
6 thousand dollars per year. Taxpayers may carry forward unused
7 credits for up to five tax periods, provided all such credits
8 shall be claimed within ten tax periods following the tax period
9 in which the film production or production-related activities for
10 which the credits are certified by the department occurred.

11 [4.] 5. Notwithstanding any provision of law to the
12 contrary, any taxpayer may sell, assign, exchange, convey or
13 otherwise transfer tax credits allowed in subsection 1 of this
14 section. The taxpayer acquiring the tax credits may use the
15 acquired credits to offset the tax liabilities otherwise imposed
16 by chapter 143, RSMo, excluding withholding tax imposed by
17 sections 143.191 to [143.261] 143.265, RSMo, or chapter 148,
18 RSMo. Unused acquired credits may be carried forward for up to
19 five tax periods, provided all such credits shall be claimed
20 within ten tax periods following the tax period in which the film
21 production or production-related activities for which the credits
22 are certified by the department occurred.

23 6. Under section 23.253, RSMo, of the Missouri sunset act:

24 (1) The provisions of the new program authorized under this
25 section shall automatically sunset six years after the effective
26 date of this section unless reauthorized by an act of the general
27 assembly; and

28 (2) If such program is reauthorized, the program authorized

1 under this section shall automatically sunset twelve years after
2 the effective date of the reauthorization of this section; and

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

6 135.950. The following terms, whenever used in sections
7 135.950 to 135.970 mean:

8 (1) "Blighted area", an area which, by reason of the
9 predominance of defective or inadequate street layout, unsanitary
10 or unsafe conditions, deterioration of site improvements,
11 improper subdivision or obsolete platting, or the existence of
12 conditions which endanger life or property by fire and other
13 causes, or any combination of such factors, retards the provision
14 of housing accommodations or constitutes an economic or social
15 liability or a menace to the public health, safety, morals, or
16 welfare in its present condition and use;

17 (2) "Board", an enhanced enterprise zone board established
18 pursuant to section 135.957;

19 (3) "Commencement of commercial operations" shall be deemed
20 to occur during the first taxable year for which the new business
21 facility is first put into use by the taxpayer in the enhanced
22 business enterprise in which the taxpayer intends to use the new
23 business facility;

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

25 (5) "Director", the director of the department of economic
26 development;

27 (6) "Employee", [a person employed by the enhanced business
28 enterprise on:

1 (a) A regular, full-time basis;

2 (b) A part-time basis, provided such person is customarily
3 performing such duties an average of at least twenty hours per
4 week; or

5 (c) A seasonal basis, provided such person performs such
6 duties for at least eighty percent of the season customary for
7 the position in which such person is employed] a person employed
8 by the enhanced business enterprise that is scheduled to work an
9 average of at least one thousand hours per year, and such person
10 at all times has health insurance offered to him or her, which is
11 partially paid for by the employer;

12 (7) "Enhanced business enterprise", an industry or one of a
13 cluster of industries that is either:

14 (a) Identified by the department as critical to the state's
15 economic security and growth; or

16 (b) Will have an impact on industry cluster development, as
17 identified by the governing authority in its application for
18 designation of an enhanced enterprise zone and approved by the
19 department; but excluding gambling establishments (NAICS industry
20 group 7132), retail trade (NAICS sectors 44 and 45), educational
21 services (NAICS sector 61), religious organizations (NAICS
22 industry group 8131), public administration (NAICS sector 92),
23 and food and drinking places (NAICS subsector 722), however,
24 notwithstanding the provisions of this section, headquarters or
25 administrative offices of an otherwise excluded business may
26 qualify for benefits if the offices serve a multistate territory.
27 In the event a national, state, or regional headquarters
28 operation is not the predominant activity of a project facility,

1 the new jobs and investment of such headquarters operation is
2 considered eligible for benefits under this section if the other
3 requirements are satisfied. Service industries may be eligible
4 only if a majority of its annual revenues will be derived from
5 [services provided] out of the state;

6 (8) "Existing business facility", any facility in this
7 state which was employed by the taxpayer claiming the credit in
8 the operation of an enhanced business enterprise immediately
9 prior to an expansion, acquisition, addition, or replacement;

10 (9) "Facility", any building used as an enhanced business
11 enterprise located within an enhanced enterprise zone, including
12 the land on which the facility is located and all machinery,
13 equipment, and other real and depreciable tangible personal
14 property acquired for use at and located at or within such
15 facility and used in connection with the operation of such
16 facility;

17 (10) "Facility base employment", the greater of the number
18 of full-time employees located at the facility on the date of the
19 notice of intent, or for the twelve-month period prior to the
20 date of the notice of intent, the average number of full-time
21 equivalent employees located at the facility, or in the event the
22 project facility has not been in operation for a full twelve-
23 month period, the average number of full-time equivalent
24 employees for the number of months the facility has been in
25 operation prior to the date of the notice of intent;

26 (11) "Facility base payroll", the total amount of taxable
27 wages paid by the enhanced business enterprise to employees of
28 the enhanced business enterprise located at the facility in the

1 twelve months prior to the notice of intent, not including the
2 payroll of owners of the enhanced business enterprise unless the
3 enhanced business enterprise is participating in an employee
4 stock ownership plan. For the purposes of calculating the
5 benefits under this program, the amount of base payroll shall
6 increase each year based on the consumer price index or other
7 comparable measure, as determined by the department;

8 (12) "Governing authority", the body holding primary
9 legislative authority over a county or incorporated municipality;

10 [(11)] (13) "NAICS", the 1997 edition of the North American
11 Industry Classification System as prepared by the Executive
12 Office of the President, Office of Management and Budget. Any
13 NAICS sector, subsector, industry group or industry identified in
14 this section shall include its corresponding classification in
15 subsequent federal industry classification systems;

16 [(12)] (14) "New business facility", a facility that
17 satisfies the following requirements:

18 (a) Such facility is employed by the taxpayer in the
19 operation of an enhanced business enterprise. Such facility
20 shall not be considered a new business facility in the hands of
21 the taxpayer if the taxpayer's only activity with respect to such
22 facility is to lease it to another person or persons. If the
23 taxpayer employs only a portion of such facility in the operation
24 of an enhanced business enterprise, and leases another portion of
25 such facility to another person or persons or does not otherwise
26 use such other portions in the operation of an enhanced business
27 enterprise, the portion employed by the taxpayer in the operation
28 of an enhanced business enterprise shall be considered a new

1 business facility, if the requirements of paragraphs (b), (c),
2 and (d) of this subdivision are satisfied;

3 (b) Such facility is acquired by, or leased to, the
4 taxpayer after December 31, 2004. A facility shall be deemed to
5 have been acquired by, or leased to, the taxpayer after December
6 31, 2004, if the transfer of title to the taxpayer, the transfer
7 of possession pursuant to a binding contract to transfer title to
8 the taxpayer, or the commencement of the term of the lease to the
9 taxpayer occurs after December 31, 2004;

10 (c) If such facility was acquired by the taxpayer from
11 another taxpayer and such facility was employed immediately prior
12 to the acquisition by another taxpayer in the operation of an
13 enhanced business enterprise, the operation of the same or a
14 substantially similar enhanced business enterprise is not
15 continued by the taxpayer at such facility; and

16 (d) Such facility is not a replacement business facility,
17 as defined in subdivision [(16)] (22) of this section;

18 [(13)] (15) "New business facility employee", an employee
19 of the taxpayer in the operation of a new business facility
20 during the taxable year for which the credit allowed by section
21 135.967 is claimed, except that truck drivers and rail and barge
22 vehicle operators and other operators of rolling stock for hire
23 shall not constitute new business facility employees;

24 [(14)] (16) "New business facility investment", the value
25 of real and depreciable tangible personal property, acquired by
26 the taxpayer as part of the new business facility, which is used
27 by the taxpayer in the operation of the new business facility,
28 during the taxable year for which the credit allowed by 135.967

1 is claimed, except that trucks, truck-trailers, truck
2 semitrailers, rail vehicles, barge vehicles, aircraft and other
3 rolling stock for hire, track, switches, barges, bridges,
4 tunnels, and rail yards and spurs shall not constitute new
5 business facility investments. The total value of such property
6 during such taxable year shall be:

7 (a) Its original cost if owned by the taxpayer; or

8 (b) Eight times the net annual rental rate, if leased by
9 the taxpayer. The net annual rental rate shall be the annual
10 rental rate paid by the taxpayer less any annual rental rate
11 received by the taxpayer from subrentals. The new business
12 facility investment shall be determined by dividing by twelve the
13 sum of the total value of such property on the last business day
14 of each calendar month of the taxable year. If the new business
15 facility is in operation for less than an entire taxable year,
16 the new business facility investment shall be determined by
17 dividing the sum of the total value of such property on the last
18 business day of each full calendar month during the portion of
19 such taxable year during which the new business facility was in
20 operation by the number of full calendar months during such
21 period;

22 (17) "New job", the number of employees located at the
23 facility that exceeds the facility base employment less any
24 decrease in the number of the employees at related facilities
25 below the related facility base employment. No job that was
26 created prior to the date of the notice of intent shall be deemed
27 a new job;

28 (18) "Notice of intent", a form developed by the department

1 which is completed by the enhanced business enterprise and
2 submitted to the department which states the enhanced business
3 enterprise's intent to hire new jobs and request benefits under
4 such program;

5 (19) "Related facility", a facility operated by the
6 enhanced business enterprise or a related company in this state
7 that is directly related to the operation of the project
8 facility;

9 (20) "Related facility base employment", the greater of:

10 (a) The number of employees located at all related
11 facilities on the date of the notice of intent; or

12 (b) For the twelve-month period prior to the date of the
13 notice of intent, the average number of employees located at all
14 related facilities of the enhanced business enterprise or a
15 related company located in this state;

16 ~~[(15)]~~ (21) "Related taxpayer":

17 (a) A corporation, partnership, trust, or association
18 controlled by the taxpayer;

19 (b) An individual, corporation, partnership, trust, or
20 association in control of the taxpayer; or

21 (c) A corporation, partnership, trust or association
22 controlled by an individual, corporation, partnership, trust or
23 association in control of the taxpayer. "Control of a
24 corporation" shall mean ownership, directly or indirectly, of
25 stock possessing at least fifty percent of the total combined
26 voting power of all classes of stock entitled to vote, "control
27 of a partnership or association" shall mean ownership of at least
28 fifty percent of the capital or profits interest in such

1 partnership or association, and "control of a trust" shall mean
2 ownership, directly or indirectly, of at least fifty percent of
3 the beneficial interest in the principal or income of such trust;
4 ownership shall be determined as provided in Section 318 of the
5 Internal Revenue Code of 1986, as amended;

6 [(16)] (22) "Replacement business facility", a facility
7 otherwise described in subdivision [(12)] (14) of this section,
8 hereafter referred to in this subdivision as "new facility",
9 which replaces another facility, hereafter referred to in this
10 subdivision as "old facility", located within the state, which
11 the taxpayer or a related taxpayer previously operated but
12 discontinued operating on or before the close of the first
13 taxable year for which the credit allowed by this section is
14 claimed. A new facility shall be deemed to replace an old
15 facility if the following conditions are met:

16 (a) The old facility was operated by the taxpayer or a
17 related taxpayer during the taxpayer's or related taxpayer's
18 taxable period immediately preceding the taxable year in which
19 commencement of commercial operations occurs at the new facility;
20 and

21 (b) The old facility was employed by the taxpayer or a
22 related taxpayer in the operation of an enhanced business
23 enterprise and the taxpayer continues the operation of the same
24 or substantially similar enhanced business enterprise at the new
25 facility.

26
27 Notwithstanding the preceding provisions of this subdivision, a
28 facility shall not be considered a replacement business facility

1 if the taxpayer's new business facility investment, as computed
2 in subdivision [(14)] (16) of this section, in the new facility
3 during the tax period for which the credits allowed in section
4 135.967 are claimed exceed one million dollars and if the total
5 number of employees at the new facility exceeds the total number
6 of employees at the old facility by at least two;

7 [(17)] (23) "Same or substantially similar enhanced
8 business enterprise", an enhanced business enterprise in which
9 the nature of the products produced or sold, or activities
10 conducted, are similar in character and use or are produced,
11 sold, performed, or conducted in the same or similar manner as in
12 another enhanced business enterprise.

13 135.963. 1. Improvements made to real property as such
14 term is defined in section 137.010, RSMo, which are made to an
15 enhanced business enterprise as defined in subdivision (7) of
16 section 135.950 in an enhanced enterprise zone subsequent to the
17 date such zone or expansion thereto was designated, may, upon
18 approval of an authorizing resolution by the governing authority
19 having jurisdiction of the area in which the improvements are
20 made, be exempt, in whole or in part, from assessment and payment
21 of ad valorem taxes of one or more affected political
22 subdivisions. In addition to enhanced business enterprises, a
23 speculative industrial or warehouse building constructed by a
24 public entity or a private entity if the land is leased by a
25 public entity may be subject to such exemption.

26 2. Such authorizing resolution shall specify the percent of
27 the exemption to be granted, the duration of the exemption to be
28 granted, and the political subdivisions to which such exemption

1 is to apply and any other terms, conditions, or stipulations
2 otherwise required. A copy of the resolution shall be provided
3 to the director within thirty calendar days following adoption of
4 the resolution by the governing authority.

5 3. No exemption shall be granted until the governing
6 authority holds a public hearing for the purpose of obtaining the
7 opinions and suggestions of residents of political subdivisions
8 to be affected by the exemption from property taxes. The
9 governing authority shall send, by certified mail, a notice of
10 such hearing to each political subdivision in the area to be
11 affected and shall publish notice of such hearing in a newspaper
12 of general circulation in the area to be affected by the
13 exemption at least twenty days prior to the hearing but not more
14 than thirty days prior to the hearing. Such notice shall state
15 the time, location, date, and purpose of the hearing.

16 4. Notwithstanding subsection 1 of this section, at least
17 one-half of the ad valorem taxes otherwise imposed on subsequent
18 improvements to real property located in an enhanced enterprise
19 zone of enhanced business enterprises or speculative industrial
20 or warehouse buildings as indicated in subsection 1 of this
21 section shall become and remain exempt from assessment and
22 payment of ad valorem taxes of any political subdivision of this
23 state or municipality thereof for a period of not less than ten
24 years following the date such improvements were assessed,
25 provided the improved properties are used for enhanced business
26 enterprises. The exemption for speculative buildings is subject
27 to the approval of the governing authority for a period not to
28 exceed two years, if the building is owned by a private entity

1 and five years if the building is owned or ground leased by a
2 public entity. This shall not preclude the building receiving an
3 exemption for the remaining time period established by the
4 governing authority if it was occupied by an enhanced business
5 enterprise. The two and five year time periods indicated for
6 speculative buildings shall not be an addition to the local
7 abatement time period for such facility.

8 5. No exemption shall be granted for a period more than
9 twenty-five years following the date on which the original
10 enhanced enterprise zone was designated by the department.

11 6. The provisions of subsection 1 of this section shall not
12 apply to improvements made to real property begun prior to August
13 28, 2004.

14 7. The abatement referred to in this section shall not
15 relieve the assessor or other responsible official from
16 ascertaining the amount of the equalized assessed value of all
17 taxable property annually as required by section 99.855, 99.957,
18 or 99.1042, RSMo, and shall not have the effect of reducing the
19 payments in lieu of taxes referred to in subdivision (2) of
20 subsection 1 of section 99.845, RSMo, subdivision (2) of
21 subsection 3 of section 99.957, RSMo, or subdivision (2) of
22 subsection 3 of section 99.1042, RSMo, unless such reduction is
23 set forth in the plan approved by the governing body of the
24 municipality pursuant to subdivision (1) of subsection 1 of
25 section 99.820, section 99.942, or section 99.1027, RSMo.

26 135.967. 1. A taxpayer who establishes a new business
27 facility may, upon approval by the department, be allowed a
28 credit, each tax year for up to ten tax years, in an amount

1 determined as set forth in this section, against the tax imposed
2 by chapter 143, RSMo, excluding withholding tax imposed by
3 sections 143.191 to 143.265, RSMo. No taxpayer shall receive
4 multiple ten-year periods for subsequent expansions at the same
5 facility.

6 2. Notwithstanding any provision of law to the contrary,
7 any taxpayer who establishes a new business facility in an
8 enhanced enterprise zone and is awarded state tax credits under
9 this section may not also receive tax credits under sections
10 135.100 to 135.150, sections 135.200 to 135.268, or section
11 135.535.

12 3. No credit shall be issued pursuant to this section
13 unless:

14 (1) The number of new business facility employees engaged
15 or maintained in employment at the new business facility for the
16 taxable year for which the credit is claimed equals or exceeds
17 two; and

18 (2) The new business facility investment for the taxable
19 year for which the credit is claimed equals or exceeds one
20 hundred thousand dollars.

21 4. The annual amount of credits allowed for an approved
22 enhanced business enterprise shall be the lesser of:

23 (1) The annual amount authorized by the department for the
24 enhanced business enterprise, which shall be limited to the
25 projected state economic benefit, as determined by the
26 department; or

27 (2) The sum calculated based upon the following:

28 (a) A credit of four hundred dollars for each new business

1 facility employee employed within an enhanced enterprise zone;

2 (b) An additional credit of four hundred dollars for each
3 new business facility employee who is a resident of an enhanced
4 enterprise zone;

5 (c) An additional credit of four hundred dollars for each
6 new business facility employee who is paid by the enhanced
7 business enterprise a wage that exceeds the average wage paid
8 within the county in which the facility is located, as determined
9 by the department; and

10 (d) A credit equal to two percent of new business facility
11 investment within an enhanced enterprise zone.

12 5. Prior to January 1, 2007, in no event shall the
13 department authorize more than four million dollars annually to
14 be issued for all enhanced business enterprises. After December
15 31, 2006, in no event shall the department authorize more than
16 ~~seven~~ twenty-five million dollars annually to be issued for all
17 enhanced business enterprises.

18 6. If a facility, which does not constitute a new business
19 facility, is expanded by the taxpayer, the expansion shall be
20 considered eligible for the credit allowed by this section if:

21 (1) The taxpayer's new business facility investment in the
22 expansion during the tax period in which the credits allowed in
23 this section are claimed exceeds one hundred thousand dollars and
24 if the number of new business facility employees engaged or
25 maintained in employment at the expansion facility for the
26 taxable year for which credit is claimed equals or exceeds two,
27 and the total number of employees at the facility after the
28 expansion is at least two greater than the total number of

1 employees before the expansion; and

2 (2) The taxpayer's investment in the expansion and in the
3 original facility prior to expansion shall be determined in the
4 manner provided in subdivision [(12)] (14) of section 135.950.

5 7. The number of new business facility employees during any
6 taxable year shall be determined by dividing by twelve the sum of
7 the number of individuals employed on the last business day of
8 each month of such taxable year. If the new business facility is
9 in operation for less than the entire taxable year, the number of
10 new business facility employees shall be determined by dividing
11 the sum of the number of individuals employed on the last
12 business day of each full calendar month during the portion of
13 such taxable year during which the new business facility was in
14 operation by the number of full calendar months during such
15 period. For the purpose of computing the credit allowed by this
16 section in the case of a facility which qualifies as a new
17 business facility under subsection 6 of this section, and in the
18 case of a new business facility which satisfies the requirements
19 of paragraph (c) of subdivision [(12)] (14) of section 135.950,
20 or subdivision [(16)] (22) of section 135.950, the number of new
21 business facility employees at such facility shall be reduced by
22 the average number of individuals employed, computed as provided
23 in this subsection, at the facility during the taxable year
24 immediately preceding the taxable year in which such expansion,
25 acquisition, or replacement occurred and shall further be reduced
26 by the number of individuals employed by the taxpayer or related
27 taxpayer that was subsequently transferred to the new business
28 facility from another Missouri facility and for which credits

1 authorized in this section are not being earned, whether such
2 credits are earned because of an expansion, acquisition,
3 relocation, or the establishment of a new facility.

4 8. In the case where a new business facility employee who
5 is a resident of an enhanced enterprise zone for less than a
6 twelve-month period is employed for less than a twelve-month
7 period, the credits allowed by paragraph (b) of subdivision (2)
8 of subsection 4 of this section shall be determined by
9 multiplying four hundred dollars by a fraction, the numerator of
10 which is the number of calendar days during the taxpayer's tax
11 year for which such credits are claimed, in which the employee
12 was a resident of an enhanced enterprise zone, and the
13 denominator of which is three hundred sixty-five.

14 9. For the purpose of computing the credit allowed by this
15 section in the case of a facility which qualifies as a new
16 business facility pursuant to subsection 6 of this section, and
17 in the case of a new business facility which satisfies the
18 requirements of paragraph (c) of subdivision [(12)] (14) of
19 section 135.950 or subdivision [(16)] (22) of section 135.950,
20 the amount of the taxpayer's new business facility investment in
21 such facility shall be reduced by the average amount, computed as
22 provided in subdivision [(12)] (14) of section 135.950 for new
23 business facility investment, of the investment of the taxpayer,
24 or related taxpayer immediately preceding such expansion or
25 replacement or at the time of acquisition. Furthermore, the
26 amount of the taxpayer's new business facility investment shall
27 also be reduced by the amount of investment employed by the
28 taxpayer or related taxpayer which was subsequently transferred

1 to the new business facility from another Missouri facility and
2 for which credits authorized in this section are not being
3 earned, whether such credits are earned because of an expansion,
4 acquisition, relocation, or the establishment of a new facility.

5 10. For a taxpayer with flow-through tax treatment to its
6 members, partners, or shareholders, the credit shall be allowed
7 to members, partners, or shareholders in proportion to their
8 share of ownership on the last day of the taxpayer's tax period.

9 11. Credits may not be carried forward but shall be claimed
10 for the taxable year during which commencement of commercial
11 operations occurs at such new business facility, and for each of
12 the nine succeeding taxable years for which the credit is issued.

13 12. Certificates of tax credit authorized by this section
14 may be transferred, sold, or assigned by filing a notarized
15 endorsement thereof with the department that names the
16 transferee, the amount of tax credit transferred, and the value
17 received for the credit, as well as any other information
18 reasonably requested by the department. The sale price cannot be
19 less than seventy-five percent of the par value of such credits.

20 13. The director of revenue shall issue a refund to the
21 taxpayer to the extent that the amount of credits allowed in this
22 section exceeds the amount of the taxpayer's income tax.

23 14. Prior to the issuance of tax credits, the department
24 shall verify through the department of revenue that the tax
25 credit applicant does not owe any delinquent income, sales, or
26 use tax or interest or penalties on such taxes, and through the
27 department of insurance that the applicant does not owe any
28 delinquent insurance taxes. Such delinquency shall not affect

1 the authorization of the application for such tax credits, except
2 that the amount of credits issued shall be reduced by the
3 applicant's tax delinquency. If the department of revenue or the
4 department of insurance concludes that a taxpayer is delinquent
5 after June fifteenth but before July first of any year and the
6 application of tax credits to such delinquency causes a tax
7 deficiency on behalf of the taxpayer to arise, then the taxpayer
8 shall be granted thirty days to satisfy the deficiency in which
9 interest, penalties, and additions to tax shall be tolled. After
10 applying all available credits toward a tax delinquency, the
11 administering agency shall notify the appropriate department, and
12 that department shall update the amount of outstanding delinquent
13 tax owed by the applicant. If any credits remain after
14 satisfying all insurance, income, sales, and use tax
15 delinquencies, the remaining credits shall be issued to the
16 applicant, subject to the restrictions of other provisions of
17 law.

18 135.1150. 1. This section shall be known and may be cited
19 as the "Residential Treatment Agency Tax Credit Act".

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

21 (1) "Certificate", a tax credit certificate issued under
22 this section;

23 (2) "Department", the Missouri department of social
24 services;

25 (3) "Eligible monetary donation", donations received from a
26 taxpayer by an agency that are used solely to provide direct care
27 services to children who are residents of this state. For
28 purposes of this section, "direct care services" include but are

1 not limited to increasing the quality of care and service for
2 children through improved employee compensation and training;

3 (4) "Qualified residential treatment agency" or "agency", a
4 residential care facility that is licensed under section 210.484,
5 RSMo, accredited by the Council on Accreditation (COA), the Joint
6 Commission on Accreditation of Healthcare Organizations (JCAHO),
7 or the Commission on Accreditation of Rehabilitation Facilities
8 (CARF), and is under contract with the Missouri department of
9 social services to provide treatment services for children who
10 are residents or wards of residents of this state, and that
11 receives eligible monetary donations. Any agency that operates
12 more than one facility or at more than one location shall be
13 eligible for the tax credit under this section only for any
14 eligible monetary donations made to facilities or locations of
15 the agency which are licensed and accredited;

16 (5) "Taxpayer", any of the following individuals or
17 entities who make eligible monetary donations to an agency:

18 (a) A person, firm, partner in a firm, corporation, or a
19 shareholder in an S corporation doing business in the state of
20 Missouri and subject to the state income tax imposed in chapter
21 143, RSMo;

22 (b) A corporation subject to the annual corporation
23 franchise tax imposed in chapter 147, RSMo;

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

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

1 (e) An individual subject to the state income tax imposed
2 in chapter 143, RSMo;

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

7 3. For all taxable years beginning on or after January 1,
8 2007, any taxpayer shall be allowed a credit against the taxes
9 otherwise due under chapter 147, 148, or 143, RSMo, excluding
10 withholding tax imposed by sections 143.191 to 143.265, RSMo, in
11 an amount equal to fifty percent of the amount of an eligible
12 monetary donation, subject to the restrictions in this section.
13 The amount of the tax credit claimed shall not exceed the amount
14 of the taxpayer's state income tax liability in the tax year for
15 which the credit is claimed. Any amount of credit that the
16 taxpayer is prohibited by this section from claiming in a tax
17 year shall not be refundable, but may be carried forward to any
18 of the taxpayer's four subsequent taxable years.

19 4. To claim the credit authorized in this section, an
20 agency may submit to the department an application for the tax
21 credit authorized by this section on behalf of taxpayers. The
22 department shall verify that the agency has submitted the
23 following items accurately and completely:

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

26 (2) A statement attesting to the eligible monetary donation
27 received, which shall include the name and taxpayer
28 identification number of the individual making the eligible

1 monetary donation, the amount of the eligible monetary donation,
2 and the date the eligible monetary donation was received by the
3 agency; and

4 (3) Payment from the agency equal to the value of the tax
5 credit for which application is made.

6
7 If the agency applying for the tax credit meets all criteria
8 required by this subsection, the department shall issue a
9 certificate in the appropriate amount.

10 5. An agency may apply for tax credits in an aggregate
11 amount that does not exceed forty percent of the payments made by
12 the department to the agency in the preceding twelve months.

13 6. Tax credits issued under this section may be assigned,
14 transferred, sold, or otherwise conveyed, and the new owner of
15 the tax credit shall have the same rights in the credit as the
16 taxpayer. Whenever a certificate is assigned, transferred, sold,
17 or otherwise conveyed, a notarized endorsement shall be filed
18 with the department specifying the name and address of the new
19 owner of the tax credit or the value of the credit.

20 7. The department shall promulgate rules to implement the
21 provisions of this section. Any rule or portion of a rule, as
22 that term is defined in section 536.010, RSMo, that is created
23 under the authority delegated in this section shall become
24 effective only if it complies with and is subject to all of the
25 provisions of chapter 536, RSMo, and, if applicable, section
26 536.028, RSMo. This section and chapter 536, RSMo, are
27 nonseverable and if any of the powers vested with the general
28 assembly pursuant to chapter 536, RSMo, to review, to delay the

1 effective date, or to disapprove and annul a rule are
2 subsequently held unconstitutional, then the grant of rulemaking
3 authority and any rule proposed or adopted after August 28, 2006,
4 shall be invalid and void.

5 8. Under section 23.253, RSMo, of the Missouri sunset act:

6 (1) The provisions of the new program authorized under this
7 section shall automatically sunset six years after August 28,
8 2006, unless reauthorized by an act of the general assembly; and

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

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

15 142.817. Motor fuel sold to be used to operate public mass
16 transportation service by a city transit authority, a city
17 utilities board, or an interstate transportation authority, as
18 such terms are defined in section 94.600, RSMo, a city, or an
19 agency receiving funding from either the Federal Transit
20 Administration's urban or nonurban formula transit programs is
21 exempt from the fuel tax imposed by this chapter. The department
22 shall promulgate rules to implement the provisions of this
23 section. Any rule or portion of a rule, as that term is defined
24 in section 536.010, RSMo, that is created under the authority
25 delegated in this section shall become effective only if it
26 complies with and is subject to all of the provisions of chapter
27 536, RSMo, and, if applicable, section 536.028, RSMo. This
28 section and chapter 536, RSMo, are nonseverable and if any of the

1 powers vested with the general assembly under chapter 536, RSMo,
2 to review, to delay the effective date, or to disapprove and
3 annul a rule are subsequently held unconstitutional, then the
4 grant of rulemaking authority and any rule proposed or adopted
5 after August 28, 2007, shall be invalid and void.

6 143.006. Notwithstanding any other provision of this
7 chapter to the contrary, whether a corporation or an individual
8 has substantial nexus with this state for income tax purposes is
9 determined without regard to whether the corporation or
10 individual:

11 (1) Is a related taxpayer within the meaning of the
12 definition found in subdivision (9) of section 135.100, RSMo, in
13 regard to either a distribution facility in this state or a data
14 storage facility in this state;

15 (2) Utilizes such distribution facility;

16 (3) Utilizes property at such distribution facility that is
17 used at, or distributed from, that facility; or

18 (4) Sells property shipped or distributed from such
19 distribution facility.

20 144.030. 1. There is hereby specifically exempted from the
21 provisions of sections 144.010 to 144.525 and from the
22 computation of the tax levied, assessed or payable pursuant to
23 sections 144.010 to 144.525 such retail sales as may be made in
24 commerce between this state and any other state of the United
25 States, or between this state and any foreign country, and any
26 retail sale which the state of Missouri is prohibited from taxing
27 pursuant to the Constitution or laws of the United States of
28 America, and such retail sales of tangible personal property

1 which the general assembly of the state of Missouri is prohibited
2 from taxing or further taxing by the constitution of this state.

3 2. There are also specifically exempted from the provisions
4 of the local sales tax law as defined in section 32.085, RSMo,
5 section 238.235, RSMo, and sections 144.010 to 144.525 and
6 144.600 to 144.761 and from the computation of the tax levied,
7 assessed or payable pursuant to the local sales tax law as
8 defined in section 32.085, RSMo, section 238.235, RSMo, and
9 sections 144.010 to 144.525 and 144.600 to 144.745:

10 (1) Motor fuel or special fuel subject to an excise tax of
11 this state, unless all or part of such excise tax is refunded
12 pursuant to section 142.824, RSMo; or upon the sale at retail of
13 fuel to be consumed in manufacturing or creating gas, power,
14 steam, electrical current or in furnishing water to be sold
15 ultimately at retail; or feed for livestock or poultry; or grain
16 to be converted into foodstuffs which are to be sold ultimately
17 in processed form at retail; or seed, limestone or fertilizer
18 which is to be used for seeding, liming or fertilizing crops
19 which when harvested will be sold at retail or will be fed to
20 livestock or poultry to be sold ultimately in processed form at
21 retail; economic poisons registered pursuant to the provisions of
22 the Missouri pesticide registration law (sections 281.220 to
23 281.310, RSMo) which are to be used in connection with the growth
24 or production of crops, fruit trees or orchards applied before,
25 during, or after planting, the crop of which when harvested will
26 be sold at retail or will be converted into foodstuffs which are
27 to be sold ultimately in processed form at retail;

28 (2) Materials, manufactured goods, machinery and parts

1 which when used in manufacturing, processing, compounding,
2 mining, producing or fabricating become a component part or
3 ingredient of the new personal property resulting from such
4 manufacturing, processing, compounding, mining, producing or
5 fabricating and which new personal property is intended to be
6 sold ultimately for final use or consumption; and materials,
7 including without limitation, gases and manufactured goods,
8 including without limitation, slagging materials and firebrick,
9 which are ultimately consumed in the manufacturing process by
10 blending, reacting or interacting with or by becoming, in whole
11 or in part, component parts or ingredients of steel products
12 intended to be sold ultimately for final use or consumption;

13 (3) Materials, replacement parts and equipment purchased
14 for use directly upon, and for the repair and maintenance or
15 manufacture of, motor vehicles, watercraft, railroad rolling
16 stock or aircraft engaged as common carriers of persons or
17 property;

18 (4) Replacement machinery, equipment, and parts and the
19 materials and supplies solely required for the installation or
20 construction of such replacement machinery, equipment, and parts,
21 used directly in manufacturing, mining, fabricating or producing
22 a product which is intended to be sold ultimately for final use
23 or consumption; and machinery and equipment, and the materials
24 and supplies required solely for the operation, installation or
25 construction of such machinery and equipment, purchased and used
26 to establish new, or to replace or expand existing, material
27 recovery processing plants in this state. For the purposes of
28 this subdivision, a "material recovery processing plant" means a

1 facility that has as its primary purpose the recovery of
2 materials into a useable product or a different form which is
3 used in producing a new product and shall include a facility or
4 equipment which are used exclusively for the collection of
5 recovered materials for delivery to a material recovery
6 processing plant but shall not include motor vehicles used on
7 highways. For purposes of this section, the terms "motor
8 vehicle" and "highway" shall have the same meaning pursuant to
9 section 301.010, RSMo. Material recovery is not the reuse of
10 materials within a manufacturing process or the use of a product
11 previously recovered. The material recovery processing plant
12 shall qualify under the provisions of this section regardless of
13 ownership of the material being recovered;

14 (5) Machinery and equipment, and parts and the materials
15 and supplies solely required for the installation or construction
16 of such machinery and equipment, purchased and used to establish
17 new or to expand existing manufacturing, mining or fabricating
18 plants in the state if such machinery and equipment is used
19 directly in manufacturing, mining or fabricating a product which
20 is intended to be sold ultimately for final use or consumption;

21 (6) Tangible personal property which is used exclusively in
22 the manufacturing, processing, modification or assembling of
23 products sold to the United States government or to any agency of
24 the United States government;

25 (7) Animals or poultry used for breeding or feeding
26 purposes;

27 (8) Newsprint, ink, computers, photosensitive paper and
28 film, toner, printing plates and other machinery, equipment,

1 replacement parts and supplies used in producing newspapers
2 published for dissemination of news to the general public;

3 (9) The rentals of films, records or any type of sound or
4 picture transcriptions for public commercial display;

5 (10) Pumping machinery and equipment used to propel
6 products delivered by pipelines engaged as common carriers;

7 (11) Railroad rolling stock for use in transporting persons
8 or property in interstate commerce and motor vehicles licensed
9 for a gross weight of twenty-four thousand pounds or more or
10 trailers used by common carriers, as defined in section 390.020,
11 RSMo, [solely] in the transportation of persons or property [in
12 interstate commerce];

13 (12) Electrical energy used in the actual primary
14 manufacture, processing, compounding, mining or producing of a
15 product, or electrical energy used in the actual secondary
16 processing or fabricating of the product, or a material recovery
17 processing plant as defined in subdivision (4) of this
18 subsection, in facilities owned or leased by the taxpayer, if the
19 total cost of electrical energy so used exceeds ten percent of
20 the total cost of production, either primary or secondary,
21 exclusive of the cost of electrical energy so used or if the raw
22 materials used in such processing contain at least twenty-five
23 percent recovered materials as defined in section 260.200, RSMo.
24 For purposes of this subdivision, "processing" means any mode of
25 treatment, act or series of acts performed upon materials to
26 transform and reduce them to a different state or thing,
27 including treatment necessary to maintain or preserve such
28 processing by the producer at the production facility;

1 (13) Anodes which are used or consumed in manufacturing,
2 processing, compounding, mining, producing or fabricating and
3 which have a useful life of less than one year;

4 (14) Machinery, equipment, appliances and devices purchased
5 or leased and used solely for the purpose of preventing, abating
6 or monitoring air pollution, and materials and supplies solely
7 required for the installation, construction or reconstruction of
8 such machinery, equipment, appliances and devices, and so
9 certified as such by the director of the department of natural
10 resources, except that any action by the director pursuant to
11 this subdivision may be appealed to the air conservation
12 commission which may uphold or reverse such action;

13 (15) Machinery, equipment, appliances and devices purchased
14 or leased and used solely for the purpose of preventing, abating
15 or monitoring water pollution, and materials and supplies solely
16 required for the installation, construction or reconstruction of
17 such machinery, equipment, appliances and devices, and so
18 certified as such by the director of the department of natural
19 resources, except that any action by the director pursuant to
20 this subdivision may be appealed to the Missouri clean water
21 commission which may uphold or reverse such action;

22 (16) Tangible personal property purchased by a rural water
23 district;

24 (17) All amounts paid or charged for admission or
25 participation or other fees paid by or other charges to
26 individuals in or for any place of amusement, entertainment or
27 recreation, games or athletic events, including museums, fairs,
28 zoos and planetariums, owned or operated by a municipality or

1 other political subdivision where all the proceeds derived
2 therefrom benefit the municipality or other political subdivision
3 and do not inure to any private person, firm, or corporation;

4 (18) All sales of insulin and prosthetic or orthopedic
5 devices as defined on January 1, 1980, by the federal Medicare
6 program pursuant to Title XVIII of the Social Security Act of
7 1965, including the items specified in Section 1862(a)(12) of
8 that act, and also specifically including hearing aids and
9 hearing aid supplies and all sales of drugs which may be legally
10 dispensed by a licensed pharmacist only upon a lawful
11 prescription of a practitioner licensed to administer those
12 items, including samples and materials used to manufacture
13 samples which may be dispensed by a practitioner authorized to
14 dispense such samples and all sales of medical oxygen, home
15 respiratory equipment and accessories, hospital beds and
16 accessories and ambulatory aids, all sales of manual and powered
17 wheelchairs, stairway lifts, Braille writers, electronic Braille
18 equipment and, if purchased by or on behalf of a person with one
19 or more physical or mental disabilities to enable them to
20 function more independently, all sales of scooters, reading
21 machines, electronic print enlargers and magnifiers, electronic
22 alternative and augmentative communication devices, and items
23 used solely to modify motor vehicles to permit the use of such
24 motor vehicles by individuals with disabilities or sales of
25 over-the-counter or nonprescription drugs to individuals with
26 disabilities;

27 (19) All sales made by or to religious and charitable
28 organizations and institutions in their religious, charitable or

1 educational functions and activities and all sales made by or to
2 all elementary and secondary schools operated at public expense
3 in their educational functions and activities;

4 (20) All sales of aircraft to common carriers for storage
5 or for use in interstate commerce and all sales made by or to
6 not-for-profit civic, social, service or fraternal organizations,
7 including fraternal organizations which have been declared
8 tax-exempt organizations pursuant to Section 501(c)(8) or (10) of
9 the 1986 Internal Revenue Code, as amended, in their civic or
10 charitable functions and activities and all sales made to
11 eleemosynary and penal institutions and industries of the state,
12 and all sales made to any private not-for-profit institution of
13 higher education not otherwise excluded pursuant to subdivision
14 (19) of this subsection or any institution of higher education
15 supported by public funds, and all sales made to a state relief
16 agency in the exercise of relief functions and activities;

17 (21) All ticket sales made by benevolent, scientific and
18 educational associations which are formed to foster, encourage,
19 and promote progress and improvement in the science of
20 agriculture and in the raising and breeding of animals, and by
21 nonprofit summer theater organizations if such organizations are
22 exempt from federal tax pursuant to the provisions of the
23 Internal Revenue Code and all admission charges and entry fees to
24 the Missouri state fair or any fair conducted by a county
25 agricultural and mechanical society organized and operated
26 pursuant to sections 262.290 to 262.530, RSMo;

27 (22) All sales made to any private not-for-profit
28 elementary or secondary school, all sales of feed additives,

1 medications or vaccines administered to livestock or poultry in
2 the production of food or fiber, all sales of pesticides used in
3 the production of crops, livestock or poultry for food or fiber,
4 all sales of bedding used in the production of livestock or
5 poultry for food or fiber, all sales of propane or natural gas,
6 electricity or diesel fuel used exclusively for drying
7 agricultural crops, natural gas used in the primary manufacture
8 or processing of fuel ethanol as defined in section 142.028,
9 RSMo, natural gas, propane, and electricity used by an eligible
10 new generation cooperative or an eligible new generation
11 processing entity as defined in section 348.432, RSMo, and all
12 sales of farm machinery and equipment, other than airplanes,
13 motor vehicles and trailers. As used in this subdivision, the
14 term "feed additives" means tangible personal property which,
15 when mixed with feed for livestock or poultry, is to be used in
16 the feeding of livestock or poultry. As used in this
17 subdivision, the term "pesticides" includes adjuvants such as
18 crop oils, surfactants, wetting agents and other assorted
19 pesticide carriers used to improve or enhance the effect of a
20 pesticide and the foam used to mark the application of pesticides
21 and herbicides for the production of crops, livestock or poultry.
22 As used in this subdivision, the term "farm machinery and
23 equipment" means new or used farm tractors and such other new or
24 used farm machinery and equipment and repair or replacement parts
25 thereon, and supplies and lubricants used exclusively, solely,
26 and directly for producing crops, raising and feeding livestock,
27 fish, poultry, pheasants, chukar, quail, or for producing milk
28 for ultimate sale at retail, including field drain tile, and

1 one-half of each purchaser's purchase of diesel fuel therefor
2 which is:

3 (a) Used exclusively for agricultural purposes;

4 (b) Used on land owned or leased for the purpose of
5 producing farm products; and

6 (c) Used directly in producing farm products to be sold
7 ultimately in processed form or otherwise at retail or in
8 producing farm products to be fed to livestock or poultry to be
9 sold ultimately in processed form at retail;

10 (23) Except as otherwise provided in section 144.032, all
11 sales of metered water service, electricity, electrical current,
12 natural, artificial or propane gas, wood, coal or home heating
13 oil for domestic use and in any city not within a county, all
14 sales of metered or unmetered water service for domestic use;

15 (a) "Domestic use" means that portion of metered water
16 service, electricity, electrical current, natural, artificial or
17 propane gas, wood, coal or home heating oil, and in any city not
18 within a county, metered or unmetered water service, which an
19 individual occupant of a residential premises uses for
20 nonbusiness, noncommercial or nonindustrial purposes. Utility
21 service through a single or master meter for residential
22 apartments or condominiums, including service for common areas
23 and facilities and vacant units, shall be deemed to be for
24 domestic use. Each seller shall establish and maintain a system
25 whereby individual purchases are determined as exempt or
26 nonexempt;

27 (b) Regulated utility sellers shall determine whether
28 individual purchases are exempt or nonexempt based upon the

1 seller's utility service rate classifications as contained in
2 tariffs on file with and approved by the Missouri public service
3 commission. Sales and purchases made pursuant to the rate
4 classification "residential" and sales to and purchases made by
5 or on behalf of the occupants of residential apartments or
6 condominiums through a single or master meter, including service
7 for common areas and facilities and vacant units, shall be
8 considered as sales made for domestic use and such sales shall be
9 exempt from sales tax. Sellers shall charge sales tax upon the
10 entire amount of purchases classified as nondomestic use. The
11 seller's utility service rate classification and the provision of
12 service thereunder shall be conclusive as to whether or not the
13 utility must charge sales tax;

14 (c) Each person making domestic use purchases of services
15 or property and who uses any portion of the services or property
16 so purchased for a nondomestic use shall, by the fifteenth day of
17 the fourth month following the year of purchase, and without
18 assessment, notice or demand, file a return and pay sales tax on
19 that portion of nondomestic purchases. Each person making
20 nondomestic purchases of services or property and who uses any
21 portion of the services or property so purchased for domestic
22 use, and each person making domestic purchases on behalf of
23 occupants of residential apartments or condominiums through a
24 single or master meter, including service for common areas and
25 facilities and vacant units, under a nonresidential utility
26 service rate classification may, between the first day of the
27 first month and the fifteenth day of the fourth month following
28 the year of purchase, apply for credit or refund to the director

1 of revenue and the director shall give credit or make refund for
2 taxes paid on the domestic use portion of the purchase. The
3 person making such purchases on behalf of occupants of
4 residential apartments or condominiums shall have standing to
5 apply to the director of revenue for such credit or refund;

6 (24) All sales of handicraft items made by the seller or
7 the seller's spouse if the seller or the seller's spouse is at
8 least sixty-five years of age, and if the total gross proceeds
9 from such sales do not constitute a majority of the annual gross
10 income of the seller;

11 (25) Excise taxes, collected on sales at retail, imposed by
12 Sections 4041, 4061, 4071, 4081, 4091, 4161, 4181, 4251, 4261 and
13 4271 of Title 26, United States Code. The director of revenue
14 shall promulgate rules pursuant to chapter 536, RSMo, to
15 eliminate all state and local sales taxes on such excise taxes;

16 (26) Sales of fuel consumed or used in the operation of
17 ships, barges, or waterborne vessels which are used primarily in
18 or for the transportation of property or cargo, or the conveyance
19 of persons for hire, on navigable rivers bordering on or located
20 in part in this state, if such fuel is delivered by the seller to
21 the purchaser's barge, ship, or waterborne vessel while it is
22 afloat upon such river;

23 (27) All sales made to an interstate compact agency created
24 pursuant to sections 70.370 to 70.441, RSMo, or sections 238.010
25 to 238.100, RSMo, in the exercise of the functions and activities
26 of such agency as provided pursuant to the compact;

27 (28) Computers, computer software and computer security
28 systems purchased for use by architectural or engineering firms

1 headquartered in this state. For the purposes of this
2 subdivision, "headquartered in this state" means the office for
3 the administrative management of at least four integrated
4 facilities operated by the taxpayer is located in the state of
5 Missouri;

6 (29) All livestock sales when either the seller is engaged
7 in the growing, producing or feeding of such livestock, or the
8 seller is engaged in the business of buying and selling,
9 bartering or leasing of such livestock;

10 (30) All sales of barges which are to be used primarily in
11 the transportation of property or cargo on interstate waterways;

12 (31) Electrical energy or gas, whether natural, artificial
13 or propane, water, or other utilities which are ultimately
14 consumed in connection with the manufacturing of cellular glass
15 products or in any material recovery processing plant as defined
16 in subdivision (4) of subsection 2 of this section;

17 (32) Notwithstanding other provisions of law to the
18 contrary, all sales of pesticides or herbicides used in the
19 production of crops, aquaculture, livestock or poultry;

20 (33) Tangible personal property purchased for use or
21 consumption directly or exclusively in the research and
22 development of prescription pharmaceuticals consumed by humans or
23 animals;

24 (34) All sales of grain bins for storage of grain for
25 resale;

26 (35) All sales of feed which are developed for and used in
27 the feeding of pets owned by a commercial breeder when such sales
28 are made to a commercial breeder, as defined in section 273.325,

1 RSMo, and licensed pursuant to sections 273.325 to 273.357, RSMo;

2 (36) All purchases by a contractor on behalf of an entity
3 located in another state, provided that the entity is authorized
4 to issue a certificate of exemption for purchases to a contractor
5 under the provisions of that state's laws. For purposes of this
6 subdivision, the term "certificate of exemption" shall mean any
7 document evidencing that the entity is exempt from sales and use
8 taxes on purchases pursuant to the laws of the state in which the
9 entity is located. Any contractor making purchases on behalf of
10 such entity shall maintain a copy of the entity's exemption
11 certificate as evidence of the exemption. If the exemption
12 certificate issued by the exempt entity to the contractor is
13 later determined by the director of revenue to be invalid for any
14 reason and the contractor has accepted the certificate in good
15 faith, neither the contractor or the exempt entity shall be
16 liable for the payment of any taxes, interest and penalty due as
17 the result of use of the invalid exemption certificate.

18 Materials shall be exempt from all state and local sales and use
19 taxes when purchased by a contractor for the purpose of
20 fabricating tangible personal property which is used in
21 fulfilling a contract for the purpose of constructing, repairing
22 or remodeling facilities for the following:

23 (a) An exempt entity located in this state, if the entity
24 is one of those entities able to issue project exemption
25 certificates in accordance with the provisions of section
26 144.062; or

27 (b) An exempt entity located outside the state if the
28 exempt entity is authorized to issue an exemption certificate to

1 contractors in accordance with the provisions of that state's law
2 and the applicable provisions of this section;

3 (37) Tangible personal property purchased for use or
4 consumption directly or exclusively in research or
5 experimentation activities performed by life science companies
6 and so certified as such by the director of the department of
7 economic development or the director's designees; except that,
8 the total amount of exemptions certified pursuant to this section
9 shall not exceed one million three hundred thousand dollars in
10 state and local taxes per fiscal year. For purposes of this
11 subdivision, the term "life science companies" means companies
12 whose primary research activities are in agriculture,
13 pharmaceuticals, biomedical or food ingredients, and whose North
14 American Industry Classification System (NAICS) Codes fall under
15 industry 541710 (biotech research or development laboratories),
16 621511 (medical laboratories) or 541940 (veterinary services).
17 The exemption provided by this subdivision shall expire on June
18 30, 2003;

19 (38) All sales or other transfers of tangible personal
20 property to a lessor who leases the property under a lease of one
21 year or longer executed or in effect at the time of the sale or
22 other transfer to an interstate compact agency created pursuant
23 to sections 70.370 to 70.441, RSMo, or sections 238.010 to
24 238.100, RSMo; and

25 (39) Sales of tickets to any collegiate athletic
26 championship event that is held in a facility owned or operated
27 by a governmental authority or commission, a quasi-governmental
28 agency, a state university or college or by the state or any

1 political subdivision thereof, including a municipality, and that
2 is played on a neutral site and may reasonably be played at a
3 site located outside the state of Missouri. For purposes of this
4 subdivision, "neutral site" means any site that is not located on
5 the campus of a conference member institution participating in
6 the event.

7 144.054. 1. As used in this section, the following terms
8 mean:

9 (1) "Processing", any mode of treatment, act, or series of
10 acts performed upon materials to transform or reduce them to a
11 different state or thing, including treatment necessary to
12 maintain or preserve such processing by the producer at the
13 production facility;

14 (2) "Recovered materials", those materials which have been
15 diverted or removed from the solid waste stream for sale, use,
16 reuse, or recycling, whether or not they require subsequent
17 separation and processing.

18 2. In addition to all other exemptions granted under this
19 chapter, there is hereby specifically exempted from the
20 provisions of sections 144.010 to 144.525 and 144.600 to 144.761,
21 and section 238.235, RSMo, and the local sales tax law as defined
22 in section 32.085, RSMo, and from the computation of the tax
23 levied, assessed, or payable under sections 144.010 to 144.525
24 and 144.600 to 144.761, and section 238.235, RSMo, and the local
25 sales tax law as defined in section 32.085, RSMo, electrical
26 energy and gas, whether natural, artificial, or propane, water,
27 coal, and other utilities, chemicals, machinery, equipment, and
28 materials used or consumed in the manufacturing, processing,

1 compounding, mining, or producing of any product, or used or
2 consumed in the processing of recovered materials, or used in
3 research and development related to manufacturing, processing,
4 compounding, mining, or producing any product.

5 144.605. The following words and phrases as used in
6 sections 144.600 to 144.745 mean and include:

7 (1) "Calendar quarter", the period of three consecutive
8 calendar months ending on March thirty-first, June thirtieth,
9 September thirtieth or December thirty-first;

10 (2) "Engages in business activities within this state"
11 includes:

12 (a) [Purposefully or systematically exploiting the market
13 provided by this state by any media-assisted, media-facilitated,
14 or media-solicited means, including, but not limited to, direct
15 mail advertising, distribution of catalogs, computer-assisted
16 shopping, telephone, television, radio, or other electronic
17 media, or magazine or newspaper advertisements, or other media;

18 or

19 (b) Being owned or controlled by the same interests which
20 own or control any seller engaged in the same or similar line of
21 business in this state; or

22 (c)] Maintaining or having a franchisee or licensee
23 operating under the seller's trade name in this state if the
24 franchisee or licensee is required to collect sales tax pursuant
25 to sections 144.010 to 144.525; or

26 [(d)] (b) Soliciting sales or taking orders by sales agents
27 or traveling representatives in this state;

28 (c) Notwithstanding any other provision of this chapter to

1 the contrary, whether a person engages in business activities
2 within this state and whether the person has substantial nexus
3 with this state shall be determined without regard to whether the
4 person is a related taxpayer within the meaning of the definition
5 found in subdivision (9) of section 135.100, RSMo, in regard to
6 either a distribution facility in this state or a data storage
7 facility in this state, or:

8 a. Utilizes such distribution facility;

9 b. Utilizes property at such distribution facility that is
10 used at, or distributed from, that facility; or

11 c. Sells property shipped or distributed from such
12 distribution facility;

13 (3) "Maintains a place of business in this state" includes
14 directly maintaining, occupying, or using[, permanently or
15 temporarily, directly or indirectly, or through a subsidiary, or
16 agent, by whatever name called,] an office, [place of
17 distribution, sales or sample room or place,] warehouse or
18 storage place, or other place of business in this state;

19 (4) "Person", any individual, firm, copartnership, joint
20 venture, association, corporation, municipal or private, and
21 whether organized for profit or not, state, county, political
22 subdivision, state department, commission, board, bureau or
23 agency, except the state transportation department, estate,
24 trust, business trust, receiver or trustee appointed by the state
25 or federal court, syndicate, or any other group or combination
26 acting as a unit, and the plural as well as the singular number;

27 (5) "Purchase", the acquisition of the ownership of, or
28 title to, tangible personal property, through a sale, as defined

1 herein, for the purpose of storage, use or consumption in this
2 state;

3 (6) "Purchaser", any person who is the recipient for a
4 valuable consideration of any sale of tangible personal property
5 acquired for use, storage or consumption in this state;

6 (7) "Sale", any transfer, barter or exchange of the title
7 or ownership of tangible personal property, or the right to use,
8 store or consume the same, for a consideration paid or to be
9 paid, and any transaction whether called leases, rentals,
10 bailments, loans, conditional sales or otherwise, and
11 notwithstanding that the title or possession of the property or
12 both is retained for security. For the purpose of this law the
13 place of delivery of the property to the purchaser, user, storer
14 or consumer is deemed to be the place of sale, whether the
15 delivery be by the vendor or by common carriers, private
16 contractors, mails, express, agents, salesmen, solicitors,
17 hawkers, representatives, consignors, peddlers, canvassers or
18 otherwise;

19 (8) "Sales price", the consideration including the charges
20 for services, except charges incident to the extension of credit,
21 paid or given, or contracted to be paid or given, by the
22 purchaser to the vendor for the tangible personal property,
23 including any services that are a part of the sale, valued in
24 money, whether paid in money or otherwise, and any amount for
25 which credit is given to the purchaser by the vendor, without any
26 deduction therefrom on account of the cost of the property sold,
27 the cost of materials used, labor or service cost, losses or any
28 other expenses whatsoever, except that cash discounts allowed and

1 taken on sales shall not be included and "sales price" shall not
2 include the amount charged for property returned by customers
3 upon rescission of the contract of sales when the entire amount
4 charged therefor is refunded either in cash or credit or the
5 amount charged for labor or services rendered in installing or
6 applying the property sold, the use, storage or consumption of
7 which is taxable pursuant to sections 144.600 to 144.745. In
8 determining the amount of tax due pursuant to sections 144.600 to
9 144.745, any charge incident to the extension of credit shall be
10 specifically exempted;

11 (9) "Selling agent", every person acting as a
12 representative of a principal, when such principal is not
13 registered with the director of revenue of the state of Missouri
14 for the collection of the taxes imposed pursuant to sections
15 144.010 to 144.525 or sections 144.600 to 144.745 and who
16 receives compensation by reason of the sale of tangible personal
17 property of the principal, if such property is to be stored,
18 used, or consumed in this state;

19 (10) "Storage", any keeping or retention in this state of
20 tangible personal property purchased from a vendor, except
21 property for sale or property that is temporarily kept or
22 retained in this state for subsequent use outside the state;

23 (11) "Tangible personal property", all items subject to the
24 Missouri sales tax as provided in subdivisions (1) and (3) of
25 section 144.020;

26 (12) "Taxpayer", any person remitting the tax or who should
27 remit the tax levied by sections 144.600 to 144.745;

28 (13) "Use", the exercise of any right or power over

1 tangible personal property incident to the ownership or control
2 of that property, except that it does not include the temporary
3 storage of property in this state for subsequent use outside the
4 state, or the sale of the property in the regular course of
5 business;

6 (14) "Vendor", every person engaged in making sales of
7 tangible personal property by mail order, by advertising, by
8 agent or peddling tangible personal property, soliciting or
9 taking orders for sales of tangible personal property, for
10 storage, use or consumption in this state, all salesmen,
11 solicitors, hawkers, representatives, consignees, peddlers or
12 canvassers, as agents of the dealers, distributors, consignors,
13 supervisors, principals or employers under whom they operate or
14 from whom they obtain the tangible personal property sold by
15 them, and every person who maintains a place of business in this
16 state, maintains a stock of goods in this state, or engages in
17 business activities within this state and every person who
18 engages in this state in the business of acting as a selling
19 agent for persons not otherwise vendors as defined in this
20 subdivision. Irrespective of whether they are making sales on
21 their own behalf or on behalf of the dealers, distributors,
22 consignors, supervisors, principals or employers, they must be
23 regarded as vendors and the dealers, distributors, consignors,
24 supervisors, principals or employers must be regarded as vendors
25 for the purposes of sections 144.600 to 144.745. A person shall
26 not be considered a vendor for the purposes of sections 144.600
27 to 144.745 if all of the following apply:

28 (a) The person's total gross receipts did not exceed five

1 hundred thousand dollars in this state, or twelve and one-half
2 million dollars in the entire United States, in the immediately
3 preceding calendar year;

4 (b) The person maintains no place of business in this
5 state; and

6 (c) The person has no selling agents in this state.

7 147.010. 1. For the transitional year defined in
8 subsection 4 of this section and each taxable year beginning on
9 or after January 1, 1980, but before January 1, 2000, every
10 corporation organized pursuant to or subject to chapter 351,
11 RSMo, or pursuant to any other law of this state shall, in
12 addition to all other fees and taxes now required or paid, pay an
13 annual franchise tax to the state of Missouri equal to
14 one-twentieth of one percent of the par value of its outstanding
15 shares and surplus if its outstanding shares and surplus exceed
16 two hundred thousand dollars, or if the outstanding shares of
17 such corporation or any part thereof consist of shares without
18 par value, then, in that event, for the purpose contained in this
19 section, such shares shall be considered as having a value of
20 five dollars per share unless the actual value of such shares
21 exceeds five dollars per share, in which case the tax shall be
22 levied and collected on the actual value and the surplus if the
23 actual value and the surplus exceed two hundred thousand dollars.
24 If such corporation employs a part of its outstanding shares in
25 business in another state or country, then such corporation shall
26 pay an annual franchise tax equal to one-twentieth of one percent
27 of its outstanding shares and surplus employed in this state if
28 its outstanding shares and surplus employed in this state exceed

1 two hundred thousand dollars, and for the purposes of sections
2 147.010 to 147.120, such corporation shall be deemed to have
3 employed in this state that proportion of its entire outstanding
4 shares and surplus that its property and assets employed in this
5 state bears to all its property and assets wherever located. A
6 foreign corporation engaged in business in this state, whether
7 pursuant to a certificate of authority issued pursuant to chapter
8 351, RSMo, or not, shall be subject to this section. Any
9 corporation whose outstanding shares and surplus as calculated in
10 this subsection does not exceed two hundred thousand dollars
11 shall state that fact on the annual report form prescribed by the
12 secretary of state. For all taxable years beginning on or after
13 January 1, 2000, the annual franchise tax shall be equal to
14 one-thirtieth of one percent of the corporation's outstanding
15 shares and surplus if the outstanding shares and surplus exceed
16 one million dollars. Any corporation whose outstanding shares
17 and surplus do not exceed one million dollars shall state that
18 fact on the annual report form prescribed by the director of
19 revenue.

20 2. Sections 147.010 to 147.120 shall not apply to
21 corporations not organized for profit, nor to corporations
22 organized pursuant to the provisions of chapter 349, RSMo, nor to
23 express companies, which now pay an annual tax on their gross
24 receipts in this state, nor to insurance companies, which pay an
25 annual tax on their premium receipts in this state, nor to state,
26 district, county, town and farmers' mutual companies now
27 organized or that may be hereafter organized pursuant to any of
28 the laws of this state, organized for the sole purpose of writing

1 fire, lightning, windstorm, tornado, cyclone, hail and plate
2 glass and mutual automobile insurance and for the purpose of
3 paying any loss incurred by any member by assessment, nor to any
4 mutual insurance corporation not having shares, nor to a company
5 or association organized to transact business of life or accident
6 insurance on the assessment plan for the purpose of mutual
7 protection and benefit to its members and the payment of
8 stipulated sums of moneys to the family, heirs, executors,
9 administrators or assigns of the deceased member, nor to foreign
10 life, fire, accident, surety, liability, steam boiler, tornado,
11 health, or other kind of insurance company of whatever nature
12 coming within the provisions of section 147.050 and doing
13 business in this state, nor to savings and loan associations and
14 domestic and foreign regulated investment companies as defined by
15 Section 170 of the Act of Congress commonly known as the "Revenue
16 Act of 1942", nor to electric and telephone corporations
17 organized pursuant to chapter 351, RSMo, and chapter 392, RSMo,
18 prior to January 1, 1980, which have been declared tax exempt
19 organizations pursuant to Section 501(c) of the Internal Revenue
20 Code of 1986, nor for taxable years beginning after December 31,
21 1986, to banking institutions subject to the annual franchise tax
22 imposed by sections 148.010 to 148.110, RSMo; but bank deposits
23 shall be considered as funds of the individual depositor left for
24 safekeeping and shall not be considered in computing the amount
25 of tax collectible pursuant to the provisions of sections 147.010
26 to 147.120.

27 3. A corporation's "taxable year" for purposes of sections
28 147.010 to 147.120 shall be its taxable year as provided in

1 section 143.271, RSMo.

2 4. A corporation's "transitional year" for the purposes of
3 sections 147.010 to 147.120 shall be its taxable year which
4 includes parts of each of the years 1979 and 1980.

5 5. The franchise tax payable for a corporation's
6 transitional year shall be computed by multiplying the amount
7 otherwise due for that year by a fraction, the numerator of which
8 is the number of months between January 1, 1980, and the end of
9 the taxable year and the denominator of which is twelve. The
10 franchise tax payable, if a corporation's taxable year is changed
11 as provided in section 143.271, RSMo, shall be similarly computed
12 pursuant to regulations prescribed by the director of revenue.

13 6. All franchise reports and franchise taxes shall be
14 returned to the director of revenue. All checks and drafts
15 remitted for payment of franchise taxes shall be made payable to
16 the director of revenue.

17 7. Pursuant to section 32.057, RSMo, the director of
18 revenue shall maintain the confidentiality of all franchise tax
19 reports returned to the director.

20 8. The director of the department of revenue shall honor
21 all existing agreements between taxpayers and the director of the
22 department of revenue.

23 9. Notwithstanding any other provision of this chapter to
24 the contrary, whether a corporation has substantial nexus with
25 this state for franchise tax purposes is determined without
26 regard to whether the corporation:

27 (1) Is a related taxpayer within the meaning of the
28 definition found in subdivision (9) of section 135.100, RSMo, in

1 regard to either a distribution facility in this state or a data
2 storage facility in this state;

3 (2) Utilizes such distribution facility;

4 (3) Utilizes property at such distribution facility that is
5 used at, or distributed from, that facility; or

6 (4) Sells property shipped or distributed from such
7 distribution facility.

8 173.196. 1. Any business firm, as defined in section
9 32.105, RSMo, may make a donation to the "Missouri Higher
10 Education Scholarship Donation Fund", which is hereby created in
11 the state treasury. A donating business firm shall receive a tax
12 credit as provided in this section equal to fifty percent of the
13 amount of the donation, except that tax credits shall be awarded
14 each fiscal year in the order donations are received and the
15 amount of tax credits authorized shall total no more than two
16 hundred and fifty thousand dollars for each fiscal year.

17 2. The department of revenue shall grant tax credits
18 approved under this section which shall be applied in the order
19 specified in subsection 1 of section 32.115, RSMo, until used.
20 The tax credits provided under this section shall be refundable,
21 and any tax credit not used in the fiscal year in which approved
22 may be carried over the next five succeeding calendar or fiscal
23 years until the full credit has been claimed. Notwithstanding
24 any other law to the contrary, any tax credits granted under this
25 section may be assigned, transferred, sold, or otherwise conveyed
26 without consent or approval.

27
28 3. No tax credit authorized under this section may be

1 applied against any tax applied in a tax year beginning prior to
2 January 1, 1995.

3 4. All revenues credited to the fund shall be used, subject
4 to appropriations, to provide scholarships authorized under
5 sections 173.197 to 173.199, and for no other purpose.

6 5. For all tax years beginning on or after January 1, 2005,
7 no tax credits shall be authorized, awarded, or issued to any
8 person or entity claiming any tax credit under this section.

9 173.796. 1. As used in this section, the term "taxpayer"
10 means an individual, a partnership, or a corporation as described
11 in section 143.441 or 143.471, RSMo, and includes any charitable
12 organization which is exempt from federal income tax and whose
13 Missouri unrelated business taxable income, if any, would be
14 subject to the state income tax imposed under chapter 143, RSMo.

15 2. Any taxpayer may make a contribution to the fund.
16 Within the limits specified in subsection 3 of this section, a
17 taxpayer shall be allowed a credit against the taxes imposed
18 pursuant to chapter 143, RSMo, except for sections 143.191 to
19 143.265, RSMo, on that individual or entity of up to fifty
20 percent of the total amount contributed to the fund, not to
21 exceed one hundred thousand dollars per taxpayer.

22 3. The department of revenue shall administer the tax
23 credits pursuant to this section, and shall certify eligibility
24 for the tax credits in the order applications are received. The
25 total amount of tax credits certified in any one calendar year
26 shall not exceed five million dollars annually. Contributions of
27 up to one hundred thousand dollars per annum per taxpayer may be
28 certified by the department of revenue as a qualified

1 contribution for purposes of receiving a tax credit under this
2 program.

3 4. If the amount of tax credit exceeds the total tax
4 liability for the year in which the tax credit is claimed, the
5 amount that exceeds the state tax liability may be carried
6 forward for credit against the taxes imposed pursuant to chapter
7 143, RSMo, except for sections 143.191 to 143.265, RSMo, for the
8 succeeding ten years, or until the full credit is used, whichever
9 occurs first.

10 5. For all tax years beginning on or after January 1, 2005,
11 no tax credits shall be authorized, awarded, or issued to any
12 person or entity claiming any tax credit under this section.

13 6. The provisions of this section shall become effective
14 January 1, 1999.

15 178.715. 1. Residents of the counties of Butler, Stoddard,
16 Wayne, Ripley, New Madrid, Pemiscot, Dunklin, Mississippi, and
17 Scott may organize a vocational school district in the manner
18 provided in sections 178.770 to 178.780. Prior to the
19 organization of a district under sections 178.770 to 178.890, the
20 coordinating board for higher education shall establish standards
21 for the organization of the district which shall include among
22 other things:

23 (1) Whether a vocational school is needed in the proposed
24 district;

25 (2) Whether the assessed valuation of taxable, tangible
26 property in the proposed district is sufficient to support
27 adequately the proposed vocational school; and

28 (3) Whether there were a sufficient number of graduates of

1 high school in the proposed district during the preceding year to
2 support a vocational school in the proposed district.

3 2. When a district is organized, it shall be a body
4 corporate and a subdivision of the state of Missouri and shall be
5 known as "The Vocational School District of,
6 Missouri" and, in that name, may sue and be sued, levy and
7 collect taxes within the limitations of sections 178.770 to
8 178.890, issue bonds and possess the same corporate powers as
9 common and seven-director school districts in this state, other
10 than urban districts, except as herein otherwise provided.

11 178.895. 1. To provide funds for the present payment of
12 the costs of new jobs training programs, a community college
13 district may borrow money and issue and sell certificates payable
14 from a sufficient portion of the future receipts of payments
15 authorized by the agreement including disbursements from the
16 Missouri community college job training program to the special
17 fund established by the district for each project. The total
18 amount of outstanding certificates sold by all junior college
19 districts shall not exceed twenty million dollars, unless an
20 increased amount is authorized in writing by a majority of
21 members of the Missouri job training joint legislative oversight
22 committee. The certificates shall be marketed through financial
23 institutions authorized to do business in Missouri. The receipts
24 shall be pledged to the payment of principal of and interest on
25 the certificates. Certificates may be sold at public sale or at
26 private sale at par, premium, or discount of not less than
27 ninety-five percent of the par value thereof, at the discretion
28 of the board of trustees, and may bear interest at such rate or

1 rates as the board of trustees shall determine, notwithstanding
2 the provisions of section 108.170, RSMo, to the contrary.
3 However, chapter 176, RSMo, does not apply to the issuance of
4 these certificates. Certificates may be issued with respect to a
5 single project or multiple projects and may contain terms or
6 conditions as the board of trustees may provide by resolution
7 authorizing the issuance of the certificates.

8 2. Certificates issued to refund other certificates may be
9 sold at public sale or at private sale as provided in this
10 section with the proceeds from the sale to be used for the
11 payment of the certificates being refunded. The refunding
12 certificates may be exchanged in payment and discharge of the
13 certificates being refunded, in installments at different times
14 or an entire issue or series at one time. Refunding certificates
15 may be sold or exchanged at any time on, before, or after the
16 maturity of the outstanding certificates to be refunded. They
17 may be issued for the purpose of refunding a like, greater, or
18 lesser principal amount of certificates and may bear a higher,
19 lower, or equivalent rate of interest than the certificates being
20 renewed or refunded.

21 3. Before certificates are issued, the board of trustees
22 shall publish once a notice of its intention to issue the
23 certificates, stating the amount, the purpose, and the project or
24 projects for which the certificates are to be issued. A person
25 may, within fifteen days after the publication of the notice, by
26 action in the circuit court of a county in the district, appeal
27 the decision of the board of trustees to issue the certificates.
28 The action of the board of trustees in determining to issue the

1 certificates is final and conclusive unless the circuit court
2 finds that the board of trustees has exceeded its legal
3 authority. An action shall not be brought which questions the
4 legality of the certificates, the power of the board of trustees
5 to issue the certificates, the effectiveness of any proceedings
6 relating to the authorization of the project, or the
7 authorization and issuance of the certificates from and after
8 fifteen days from the publication of the notice of intention to
9 issue.

10 4. The board of trustees shall determine if revenues
11 provided in the agreement are sufficient to secure the faithful
12 performance of obligations in the agreement.

13 5. Certificates issued under this section shall not be
14 deemed to be an indebtedness of the state or the community
15 college district or of any other political subdivision of the
16 state and the principal and interest on such certificates shall
17 be payable only from the sources provided in subdivision (1) of
18 section 178.893 which are pledged in the agreement.

19 6. The department of economic development shall coordinate
20 the new jobs training program, and may promulgate rules that
21 districts will use in developing projects with new and expanding
22 industrial new jobs training proposals which shall include rules
23 providing for the coordination of such proposals with the service
24 delivery areas established in the state to administer federal
25 funds pursuant to the federal Job Training Partnership Act. No
26 rule or portion of a rule promulgated under the authority of
27 sections 178.892 to 178.896 shall become effective unless it has
28 been promulgated pursuant to the provisions of chapter 536, RSMo.

1 All rulemaking authority delegated prior to June 27, 1997, is of
2 no force and effect and repealed; however, nothing in this
3 section shall be interpreted to repeal or affect the validity of
4 any rule filed or adopted prior to June 27, 1997, if such rule
5 complied with the provisions of chapter 536, RSMo. The
6 provisions of this section and chapter 536, RSMo, are
7 nonseverable and if any of the powers vested with the general
8 assembly pursuant to chapter 536, RSMo, including the ability to
9 review, to delay the effective date, or to disapprove and annul a
10 rule or portion of a rule, are subsequently held
11 unconstitutional, then the purported grant of rulemaking
12 authority and any rule so proposed and contained in the order of
13 rulemaking shall be invalid and void.

14 7. No community college district may sell certificates as
15 described in this section after July 1, [2008] 2018.

16 178.896. 1. There is hereby established within the state
17 treasury a special fund, to be known as the "Missouri Community
18 College Job Training Program Fund", to be administered by the
19 division of job development and training. The department of
20 revenue shall credit to the community college job training
21 program fund, as received, all new jobs credit from withholding
22 remitted by employers pursuant to section 178.894. The fund
23 shall also consist of any gifts, contributions, grants or
24 bequests received from federal, private or other sources. The
25 general assembly, however, shall not provide for any transfer of
26 general revenue funds into the community college job training
27 program fund. Moneys in the Missouri community college job
28 training program fund shall be disbursed to the division of job

1 development and training pursuant to regular appropriations by
2 the general assembly. The division shall disburse such
3 appropriated funds in a timely manner into the special funds
4 established by community college districts for projects, which
5 funds shall be used to pay program costs, including the principal
6 of, premium, if any, and interest on certificates issued by the
7 district to finance or refinance, in whole or in part, a project.
8 Such disbursements by the division of job development and
9 training shall be made to the special fund for each project in
10 the same proportion as the new jobs credit from withholding
11 remitted by the employer participating in such project bears to
12 the total new jobs credit from withholding remitted by all
13 employers participating in projects during the period for which
14 the disbursement is made. Moneys for new jobs training programs
15 established under the provisions of sections 178.892 to 178.896
16 shall be obtained from appropriations made by the general
17 assembly from the Missouri community college job training program
18 fund. All moneys remaining in the Missouri community college job
19 training program fund at the end of any fiscal year shall not
20 lapse to the general revenue fund, as provided in section 33.080,
21 RSMo, but shall remain in the Missouri community college job
22 training program fund.

23 2. The department of revenue shall develop such forms as
24 are necessary to demonstrate accurately each employer's new jobs
25 credit from withholding paid into the Missouri community college
26 job training program fund. The new jobs credit from withholding
27 shall be accounted as separate from the normal withholding tax
28 paid to the department of revenue by the employer.

1 Reimbursements made by all employers to the Missouri community
2 college job training program fund shall be no less than all
3 allocations made by the division of job development and training
4 to all community college districts for all projects. The
5 employer shall remit the amount of the new job credit to the
6 department of revenue in the same manner as provided in sections
7 143.191 to 143.265, RSMo.

8 3. Sections 178.892 to 178.896 shall expire July 1, **[2018]**
9 2028.

10 208.750. 1. Sections 208.750 to 208.775 shall be known and
11 may be cited as the "Family Development Account Program".

12 2. For purposes of sections 208.750 to 208.775, the
13 following terms mean:

14 (1) "Account holder", a person who is the owner of a family
15 development account;

16 (2) "Community-based organization", any religious or
17 charitable association formed pursuant to chapter 352, RSMo, that
18 is approved by the director of the department of economic
19 development to implement the family development account program;

20 (3) "Department", the department of economic development;

21 (4) "Director", the director of the department of economic
22 development;

23 (5) "Family development account", a financial instrument
24 established pursuant to section 208.760;

25 (6) "Family development account reserve fund", the fund
26 created by an approved community-based organization for the
27 purposes of funding the costs incurred in the administration of
28 the program and for providing matching funds for moneys in family

1 development accounts;

2 (7) "Federal poverty level", the most recent poverty income
3 guidelines published in the calendar year by the United States
4 Department of Health and Human Services;

5 (8) "Financial institution", any bank, trust company,
6 savings bank, credit union or savings and loan association as
7 defined in chapter 362, 369 or 370, RSMo, and with an office in
8 Missouri which is approved by the director for participation in
9 the program;

10 (9) "Program", the Missouri family development account
11 program established in sections 208.750 to 208.775;

12 (10) "Program contributor", a person or entity, including
13 any charitable organization which is exempt from federal income
14 tax and whose Missouri unrelated business taxable income, if any,
15 would be subject to the state income tax imposed under chapter
16 143, RSMo, who makes a contribution to a family development
17 account reserve fund and is not the account holder.

18 348.273. As used in sections 348.273 and 348.274, the
19 following terms shall mean:

20 (1) "Collaborative research project", a research project
21 conducted by a public research institution or private not-for-
22 profit research institution on behalf of and funded by a private
23 company;

24 (2) "Department", the Missouri department of economic
25 develop;

26 (3) "Distressed community", as defined in section 135.530,
27 RSMo;

28 (4) "Qualifying company", an independently owned and

1 operated business which is headquartered and located in this
2 state and which is in need of venture capital and cannot obtain
3 conventional financing. Such business shall have no more than
4 two hundred employees, eighty percent of which are employed in
5 this state. Such business shall be involved in commerce for the
6 purpose of manufacturing, processing, or assembling products,
7 conducting research and development, or providing services in
8 interstate commerce but excluding retail, real estate, real
9 estate development, insurance, human cloning, and professional
10 services provided by accountants, lawyers, or physicians. At the
11 time approval is sought, such business shall be a small business
12 concern that meets the requirements of the United States Small
13 Business Administration's qualification size standards for its
14 venture capital program, as defined in the Small Business
15 Investment Act of 1958, as amended, and rules promulgated in 13
16 CFR 121.301(c), as amended;

17 (5) "Rural area", any city, town, or village with fewer
18 than fifteen thousand inhabitants and located in any county that
19 is not part of a standard metropolitan statistical area as
20 defined by the United States Department of Commerce or its
21 successor agency. However, any such city, town, or village
22 located in any county so defined as a standard metropolitan
23 statistical area may be designated a rural area by the office of
24 rural development if:

25 (a) A substantial number of persons in such county derive
26 their income from agriculture;

27 (b) The county has only one city within the county having a
28 population of more than fifteen thousand and is classified as a

1 standard metropolitan statistical area; and

2 (c) All other cities, towns, and villages in that county
3 have a population of less than fifteen thousand;

4 (6) "Taxpayer", any person, partnership, corporation,
5 trust, or limited liability company;

6 (7) "Technology commercialization infrastructure project",
7 the construction of or improvements to an incubator, accelerator,
8 or instrument center;

9 (8) "Venture capital", risk capital provided to a qualified
10 Missouri company for research, development, operating capital,
11 commercialization activities, or marketing thereof in exchange
12 for some level of ownership and control of the business.

13 348.274. 1. The department may authorize up to ten million
14 dollars in tax credits per fiscal year that may be allotted to
15 one or more of the categories listed in this section.

16 2. If a qualifying company is approved by the department,
17 the investors who contribute the first five hundred thousand
18 dollars in venture capital to the qualifying company may be
19 issued a tax credit for thirty percent of such investment in the
20 year the investment is made. However, if the company invested in
21 is located in a rural area or a distressed community, the
22 taxpayer may be issued a tax credit for forty percent of such
23 investment. A qualifying company that relocates its headquarters
24 out of Missouri, ceases to employ eighty percent of its employees
25 in Missouri, alters the principal nature of its operations, or
26 divests itself of key assets shall upon demand by the department
27 pay the state of Missouri an amount equal to the amount of
28 credits issued to its contributors.

1 3. If a qualifying company is approved by the department,
2 the department may reserve tax credits for investors who
3 contributed the initial five million dollars in venture capital
4 to the company. The credit shall be thirty percent of the amount
5 invested, unless the company is located in a rural or distressed
6 community, in which case the credit shall be forty percent. No
7 credits shall be reserved with respect to investors who received
8 a credit under subsection 2 of this section. The reserved
9 credits shall be issued only for net loss of investment within
10 five years of investing in the qualified company. No credits
11 shall be issued if the company has within the five years
12 relocated its headquarters out of Missouri, ceased to employ
13 eighty percent of its employees in Missouri, altered the
14 principal nature of its operations, or divested itself of key
15 assets.

16 4. If a technology commercialization infrastructure project
17 is approved by the department, a taxpayer may be issued a tax
18 credit in the amount of fifty percent of any amount contributed
19 to the project.

20 5. If a collaborative research project is approved by the
21 department, a business firm may receive a tax credit of up to
22 fifty percent of expenditures for industrial research conducted
23 at a public research institution or private not-for-profit
24 research institution.

25 6. The credit may be used against the tax otherwise due
26 under chapter 143, RSMo, not including sections 143.191 to
27 143.265, RSMo. The tax credit may be used in the tax year issued
28 or any of the next three consecutive tax years.

1 7. Any tax credits issued under this section may be sold,
2 assigned, exchanged, or otherwise transferred.

3 348.300. As used in sections 348.300 to 348.318, the
4 following terms mean:

5 (1) "Commercial activity located in Missouri", any
6 research, development, prototype fabrication, and subsequent
7 precommercialization activity, or any activity related thereto,
8 conducted in Missouri for the purpose of producing a service or a
9 product or process for manufacture, assembly or sale or
10 developing a service based on such a product or process by any
11 person, corporation, partnership, joint venture, unincorporated
12 association, trust or other organization doing business in
13 Missouri. Subsequent to January 1, 1999, a commercial activity
14 located in Missouri shall mean only such activity that is located
15 within a distressed community, as defined in section 135.530,
16 RSMo;

17 (2) "Follow-up capital", capital provided to a commercial
18 activity located in Missouri in which a qualified fund has
19 previously invested seed capital or start-up capital and which
20 does not exceed ten times the amount of such seed and start-up
21 capital;

22 (3) "Person", any individual, corporation, partnership, or
23 other entity, including any charitable corporation which is
24 exempt from federal income tax and whose Missouri unrelated
25 business taxable income, if any, would be subject to the state
26 income tax imposed under chapter 143, RSMo;

27 (4) "Qualified contribution", cash contribution to a
28 qualified fund;

1 [(4)] (5) "Qualified economic development organization",
2 any corporation organized under the provisions of chapter 355,
3 RSMo, which has as of January 1, 1991, obtained a contract with
4 the department of economic development to operate an innovation
5 center to promote, assist and coordinate the research and
6 development of new services, products or processes in the state
7 of Missouri; and the Missouri technology corporation organized
8 pursuant to the provisions of sections 348.253 to 348.266;

9 [(5)] (6) "Qualified fund", any corporation, partnership,
10 joint venture, unincorporated association, trust or other
11 organization which is established under the laws of Missouri
12 after December 31, 1985, which meets all of the following
13 requirements established by this subdivision. The fund shall
14 have as its sole purpose and business the making of investments,
15 of which at least ninety percent of the dollars invested shall be
16 qualified investments. The fund shall enter into a contract with
17 one or more qualified economic development organizations which
18 shall entitle the qualified economic development organizations to
19 receive not less than ten percent of all distributions of equity
20 and dividends or other earnings of the fund. Such contracts
21 shall require the qualified fund to transfer to the Missouri
22 technology corporation organized pursuant to the provisions of
23 sections 348.253 to 348.266, this interest and make corresponding
24 distributions thereto in the event the qualified economic
25 development organization holding such interest is dissolved or
26 ceases to do business for a period of one year or more;

27 [(6)] (7) "Qualified investment", any investment of seed
28 capital, start-up capital, or follow-up capital in any commercial

1 activity located in Missouri;

2 [(7) "Person", any individual, corporation, partnership or
3 other entity;]

4 (8) "Seed capital", capital provided to a commercial
5 activity located in Missouri for research, development and
6 precommercialization activities to prove a concept for a new
7 product or process or service, and for activities related
8 thereto;

9 (9) "Start-up capital", capital provided to a commercial
10 activity located in Missouri for use in preproduction product
11 development or service development or initial marketing thereof,
12 and for activities related thereto;

13 (10) "State tax liability", any state tax liability
14 incurred by a taxpayer under the provisions of chapters 143, 147
15 and 148, RSMo, exclusive of the provisions relating to the
16 withholding of tax as provided for in sections 143.191 to
17 143.265, RSMo, and related provisions;

18 (11) "Uninvested capital", the amount of any distribution,
19 other than of earnings, by a qualified fund made within five
20 years of the issuance of a certificate of tax credit as provided
21 by sections 348.300 to 348.318; or the portion of all qualified
22 contributions to a qualified fund which are not invested as
23 qualified investments within five years of the issuance of a
24 certificate of tax credit as provided by sections 348.300 to
25 348.318 to the extent that the amount not so invested exceeds ten
26 percent of all such qualified contributions.

27 620.495. 1. This section shall be known as the "Small
28 Business Incubators Act".

1 2. As used in this section, unless the context clearly
2 indicates otherwise, the following words and phrases shall mean:

3 (1) "Department", the department of economic development;

4 (2) "Incubator", a program in which small units of space
5 may be leased by a tenant and in which management maintains or
6 provides access to business development services for use by
7 tenants or a program without infrastructure in which participants
8 avail themselves of business development services to assist in
9 the growth of their start-up small businesses;

10 (3) "Local sponsor" or "sponsor", an organization which
11 enters into a written agreement with the department to establish,
12 operate and administer a small business incubator program or to
13 provide funding to an organization which operates such a program;

14 (4) "Participant", a sole proprietorship, business
15 partnership or corporation operating a business for profit
16 through which the owner avails himself or herself of business
17 development services in an incubator program;

18 (5) "Tenant", a sole proprietorship, business partnership
19 or corporation operating a business for profit and leasing or
20 otherwise occupying space in an incubator.

21 3. There is hereby established under the direction of the
22 department a loan, loan guarantee and grant program for the
23 establishment, operation and administration of small business
24 incubators, to be known as the "Small Business Incubator
25 Program". A local sponsor may submit an application to the
26 department to obtain a loan, loan guarantee or grant to establish
27 an incubator. Each application shall:

28 (1) Demonstrate that a program exists that can be

1 transformed into an incubator at a specified cost;

2 (2) Demonstrate the ability to directly provide or arrange
3 for the provision of business development services for tenants
4 and participants of the incubator. These services shall include,
5 but need not be limited to, financial consulting assistance,
6 management and marketing assistance, business education, and
7 physical services;

8 (3) Demonstrate a potential for sustained use of the
9 incubator program by eligible tenants and participants, through a
10 market study or other means;

11 (4) Demonstrate the ability to manage and operate the
12 incubator program;

13 (5) Include such other information as the department may
14 require through its guidelines.

15 4. The department shall review and accept applications
16 based on the following criteria:

17 (1) Ability of the local sponsor to carry out the
18 provisions of this section;

19 (2) Economic impact of the incubator on the community;

20 (3) Conformance with areawide and local economic
21 development plans, if such exist;

22 (4) Location of the incubator, in order to encourage
23 geographic distribution of incubators across the state.

24 5. Loans, loan guarantees and grants shall be administered
25 in the following manner:

26 (1) Loans awarded or guaranteed and grants awarded shall be
27 used only for the acquisition and leasing of land and existing
28 buildings, the rehabilitation of buildings or other facilities,

1 construction of new facilities, the purchase of equipment and
2 furnishings which are necessary for the creation and operation of
3 the incubator, and business development services including, but
4 not limited to, business management advising and business
5 education;

6 (2) Loans, loan guarantees and grants may not exceed fifty
7 percent of total eligible project costs;

8 (3) Payment of interest and principal on loans may be
9 deferred at the discretion of the department.

10 6. A local sponsor, or the organization receiving
11 assistance through the local sponsor, shall have the following
12 responsibilities and duties in establishing and operating an
13 incubator with assistance from the small business incubator
14 program:

15 (1) Secure title on a facility for the program or a lease
16 of a facility for the program;

17 (2) Manage the physical development of the incubator
18 program, including the provision of common conference or meeting
19 space;

20 (3) Furnish and equip the program to provide business
21 services to the tenants and participants;

22 (4) Market the program and secure eligible tenants and
23 participants;

24 (5) Provide financial consulting, marketing and management
25 assistance services or arrange for the provision of these
26 services for tenants and participants of the incubator, including
27 assistance in accessing private financial markets;

28 (6) Set rental and service fees;

1 (7) Encourage the sharing of ideas between tenants and
2 participants and otherwise aid the tenants and participants in an
3 innovative manner while they are within the incubator;

4 (8) Establish policies and criteria for the acceptance of
5 tenants and participants into the incubator and for the
6 termination of occupancy of tenants so as to maximize the
7 opportunity to succeed for the greatest number of tenants,
8 consistent with those specified in this section.

9 7. The department:

10 (1) May adopt such rules, statements of policy, procedures,
11 forms and guidelines as may be necessary for the implementation
12 of this section;

13 (2) May make loans, loan guarantees and grants to local
14 sponsors for incubators;

15 (3) Shall ensure that local sponsors receiving loans, loan
16 guarantees or grants meet the conditions of this section;

17 (4) Shall receive and evaluate annual reports from local
18 sponsors. Such annual reports shall include, but need not be
19 limited to, a financial statement for the incubator, evidence
20 that all tenants and participants in the program are eligible
21 under the terms of this section, and a list of companies in the
22 incubator.

23 8. The department of economic development is also hereby
24 authorized to review any previous loans made under this program
25 and, where appropriate in the department's judgment, convert such
26 loans to grant status.

27 9. On or before January first of each year, the department
28 shall provide a report to the governor, the chief clerk of the

1 house of representatives and the secretary of the senate which
2 shall include, but need not be limited to:

3 (1) The number of applications for incubators submitted to
4 the department;

5 (2) The number of applications for incubators approved by
6 the department;

7 (3) The number of incubators created through the small
8 business incubator program;

9 (4) The number of tenants and participants engaged in each
10 incubator;

11 (5) The number of jobs provided by each incubator and
12 tenants and participant of each incubator;

13 (6) The occupancy rate of each incubator;

14 (7) The number of firms still operating in the state after
15 leaving incubators and the number of jobs they have provided.

16 10. There is hereby established in the state treasury a
17 special fund to be known as the "Missouri Small Business
18 Incubators Fund", which shall consist of all moneys which may be
19 appropriated to it by the general assembly, and also any gifts,
20 contributions, grants or bequests received from federal, private
21 or other sources. Moneys for loans, loan guarantees and grants
22 under the small business incubator program may be obtained from
23 appropriations made by the general assembly from the Missouri
24 small business incubators fund. Any moneys remaining in the
25 Missouri small business incubators fund at the end of any fiscal
26 year shall not lapse to the general revenue fund, as provided in
27 section 33.080, RSMo, but shall remain in the Missouri small
28 business incubators fund.

1 11. For any taxable year beginning after December 31, 1989,
2 a taxpayer, including any charitable organization which is exempt
3 from federal income tax and whose Missouri unrelated business
4 taxable income, if any, would be subject to the state income tax
5 imposed under chapter 143, RSMo, shall be entitled to a tax
6 credit against any tax otherwise due under the provisions of
7 chapter 143, RSMo, or chapter 147, RSMo, or chapter 148, RSMo,
8 excluding withholding tax imposed by sections 143.191 to 143.265,
9 RSMo, in the amount of fifty percent of any amount contributed by
10 the taxpayer to the Missouri small business incubators fund
11 during the taxpayer's tax year or any contribution by the
12 taxpayer to a local sponsor after the local sponsor's application
13 has been accepted and approved by the department. The tax credit
14 allowed by this subsection shall be claimed by the taxpayer at
15 the time he files his return and shall be applied against the
16 income tax liability imposed by chapter 143, RSMo, or chapter
17 147, RSMo, or chapter 148, RSMo, after all other credits provided
18 by law have been applied. That portion of earned tax credits
19 which exceeds the taxpayer's tax liability may be carried forward
20 for up to five years. The aggregate of all tax credits
21 authorized under this section shall not exceed five hundred
22 thousand dollars in any taxable year.

23 12. Notwithstanding any provision of Missouri law to the
24 contrary, any taxpayer may sell, assign, exchange, convey or
25 otherwise transfer tax credits allowed in subsection 11 of this
26 section under the terms and conditions prescribed in subdivisions
27 (1) and (2) of this subsection. Such taxpayer, hereinafter the
28 assignor for the purpose of this subsection, may sell, assign,

1 exchange or otherwise transfer earned tax credits:

2 (1) For no less than seventy-five percent of the par value
3 of such credits; and

4 (2) In an amount not to exceed one hundred percent of
5 annual earned credits.

6
7 The taxpayer acquiring earned credits, hereinafter the assignee
8 for the purpose of this subsection, may use the acquired credits
9 to offset up to one hundred percent of the tax liabilities
10 otherwise imposed by chapter 143, RSMo, or chapter 147, RSMo, or
11 chapter 148, RSMo, excluding withholding tax imposed by sections
12 143.191 to 143.265, RSMo. Unused credits in the hands of the
13 assignee may be carried forward for up to five years. The
14 assignor shall enter into a written agreement with the assignee
15 establishing the terms and conditions of the agreement and shall
16 perfect such transfer by notifying the department of economic
17 development in writing within thirty calendar days following the
18 effective day of the transfer and shall provide any information
19 as may be required by the department of economic development to
20 administer and carry out the provisions of this section. The
21 director of the department of economic development shall
22 prescribe the method for submitting applications for claiming the
23 tax credit allowed under subsection 11 of this section and shall,
24 if the application is approved, certify to the director of
25 revenue that the taxpayer claiming the credit has satisfied all
26 the requirements specified in this section and is eligible to
27 claim the credit.

28 620.638. As used in sections 620.635 to 620.653, the

1 following terms mean:

2 (1) "Board", the Missouri seed capital investment board, as
3 established pursuant to section 620.641;

4 (2) "Committed contributions", the total amount of
5 qualified contributions that are committed to a qualifying fund
6 by contractual agreement;

7 (3) "Corporation", the Missouri technology corporation as
8 established pursuant to section 348.251, RSMo;

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

10 (5) "Director", the director of the department of economic
11 development;

12 (6) "Follow-up capital", capital provided to a qualified
13 business in which a qualified fund has previously invested seed
14 capital or start-up capital. No more than forty percent of the
15 qualified contributions to a qualified fund may be used for
16 follow-up capital, and no qualified contributions which generate
17 tax credits before the second round of allocations as authorized
18 by section 620.650 shall be used for follow-up capital
19 investments;

20 (7) "Person", any individual, corporation, partnership,
21 limited liability company or other entity, including any
22 charitable organization which is exempt from federal income tax
23 and whose Missouri unrelated business taxable income, if any,
24 would be subject to the state income tax imposed under chapter
25 143, RSMo;

26 (8) "Positive cash flow", total cash receipts from sales or
27 services, but not from investments or loans, exceeding total cash
28 expenditures as calculated on a fiscal year basis;

1 (9) "Qualified business", any independently owned and
2 operated business which is headquartered and located in Missouri
3 and which is involved in or intends to be involved in commerce
4 for the purpose of manufacturing, processing or assembling
5 products, conducting research and development, or providing
6 services in interstate commerce. Such a business shall maintain
7 its headquarters in Missouri for a period of at least three years
8 from the date of receipt of a qualified investment or be subject
9 to penalties pursuant to section 620.017;

10 (10) "Qualified contribution", cash contributions to a
11 qualified fund pursuant to the terms of contractual agreements
12 made between the qualified fund and a qualified economic
13 development organization authorized by the board to enter into
14 such contracts;

15 (11) "Qualified economic development organization", any
16 corporation organized pursuant to the provisions of chapter 355,
17 RSMo, that, as of January 1, 1991, had obtained a contract with
18 the department to operate an innovation center to promote, assist
19 and coordinate the research and development of new services,
20 products or processes in this state;

21 (12) "Qualified fund", a fund established by any
22 corporation, partnership, joint venture, unincorporated
23 association, trust or other organization established pursuant to
24 the laws of Missouri and approved by the board or the
25 corporation;

26 (13) "Qualified investment", any investment of seed
27 capital, start-up capital or follow-up capital in a qualified
28 business that does not cause more than ten percent of all the

1 qualified contributions to a qualified fund to be invested in a
2 single qualified business;

3 (14) "Seed capital", capital provided to a qualified
4 business for research, development and precommercialization
5 activities to prove a concept for a new product, process or
6 service, and for activities related thereto; provided that, seed
7 capital shall not be provided to any business which in a past
8 fiscal year has experienced a positive cash flow;

9 (15) "Start-up capital", capital provided to a qualified
10 business for use in preproduction product development, service
11 development or initial marketing thereof; provided that, start-up
12 capital shall not be provided to any business which has
13 experienced a positive cash flow in a past fiscal year;

14 (16) "Uninvested capital", that portion of any qualified
15 contribution to a qualified fund, other than management fees not
16 to exceed three percent per year of committed contributions,
17 qualified investments and other expenses or fees authorized by
18 the board, that is not invested as a qualified investment within
19 ten years of its receipt.

20 620.1039. 1. As used in this section, the term "taxpayer"
21 means an individual, a partnership, or any charitable
22 organization which is exempt from federal income tax and whose
23 Missouri unrelated business taxable income, if any, would be
24 subject to the state income tax imposed under chapter 143, RSMo,
25 or a corporation as described in section 143.441 or 143.471,
26 RSMo, or section 148.370, RSMo, and the term "qualified research
27 expenses" has the same meaning as prescribed in 26 U.S.C. 41.

28 2. For tax years beginning on or after January 1, 2001, the

1 director of the department of economic development may authorize
2 a taxpayer to receive a tax credit against the tax otherwise due
3 pursuant to chapter 143, RSMo, or chapter 148, RSMo, other than
4 the taxes withheld pursuant to sections 143.191 to 143.265, RSMo,
5 in an amount up to six and one-half percent of the excess of the
6 taxpayer's qualified research expenses, as certified by the
7 director of the department of economic development, within this
8 state during the taxable year over the average of the taxpayer's
9 qualified research expenses within this state over the
10 immediately preceding three taxable years; except that, no tax
11 credit shall be allowed on that portion of the taxpayer's
12 qualified research expenses incurred within this state during the
13 taxable year in which the credit is being claimed, to the extent
14 such expenses exceed two hundred percent of the taxpayer's
15 average qualified research expenses incurred during the
16 immediately preceding three taxable years.

17 3. The director of economic development shall prescribe the
18 manner in which the tax credit may be applied for. The tax
19 credit authorized by this section may be claimed by the taxpayer
20 to offset the tax liability imposed by chapter 143, RSMo, or
21 chapter 148, RSMo, that becomes due in the tax year during which
22 such qualified research expenses were incurred. Where the amount
23 of the credit exceeds the tax liability, the difference between
24 the credit and the tax liability may only be carried forward for
25 the next five succeeding taxable years or until the full credit
26 has been claimed, whichever first occurs. The application for
27 tax credits authorized by the director pursuant to subsection 2
28 of this section shall be made no later than the end of the

1 taxpayer's tax period immediately following the tax period for
2 which the credits are being claimed.

3 4. Certificates of tax credit issued pursuant to this
4 section may be transferred, sold or assigned by filing a
5 notarized endorsement thereof with the department which names the
6 transferee and the amount of tax credit transferred. The
7 director of economic development may allow a taxpayer to
8 transfer, sell or assign up to forty percent of the amount of the
9 certificates of tax credit issued to and not claimed by such
10 taxpayer pursuant to this section during any tax year commencing
11 on or after January 1, 1996, and ending not later than December
12 31, 1999. Such taxpayer shall file, by December 31, 2001, an
13 application with the department which names the transferee, the
14 amount of tax credit desired to be transferred, and a
15 certification that the funds received by the applicant as a
16 result of the transfer, sale or assignment of the tax credit
17 shall be expended within three years at the state university for
18 the sole purpose of conducting research activities agreed upon by
19 the department, the taxpayer and the state university. Failure
20 to expend such funds in the manner prescribed pursuant to this
21 section shall cause the applicant to be subject to the provisions
22 of section 620.017.

23 5. No rule or portion of a rule promulgated under the
24 authority of this section shall become effective unless it has
25 been promulgated pursuant to the provisions of chapter 536, RSMo.
26 All rulemaking authority delegated prior to June 27, 1997, is of
27 no force and effect and repealed; however, nothing in this
28 section shall be interpreted to repeal or affect the validity of

1 any rule filed or adopted prior to June 27, 1997, if such rule
2 complied with the provisions of chapter 536, RSMo. The
3 provisions of this section and chapter 536, RSMo, are
4 nonseverable and if any of the powers vested with the general
5 assembly pursuant to chapter 536, RSMo, including the ability to
6 review, to delay the effective date, or to disapprove and annul a
7 rule or portion of a rule, are subsequently held
8 unconstitutional, then the purported grant of rulemaking
9 authority and any rule so proposed and contained in the order of
10 rulemaking shall be invalid and void.

11 6. The aggregate of all tax credits authorized pursuant to
12 this section shall not exceed nine million seven hundred thousand
13 dollars in any year.

14 7. For all tax years beginning on or after January 1, 2005,
15 no tax credits shall be approved, awarded, or issued to any
16 person or entity claiming any tax credit under this section.

17 620.1878. For the purposes of sections 620.1875 to
18 620.1890, the following terms shall mean:

19 (1) "Approval", a document submitted by the department to
20 the qualified company that states the benefits that may be
21 provided by this program;

22 (2) "Average wage", the new payroll divided by the number
23 of new jobs;

24 [(2)] (3) "Commencement of operations", the starting date
25 for the qualified company's first new employee, which must be no
26 later than twelve months from the date of the [proposal]
27 approval;

28 [(3)] (4) "County average wage", the average wages in each

1 county as determined by the department for the most recently
2 completed full calendar year. However, if the computed county
3 average wage is above the statewide average wage, the statewide
4 average wage shall be deemed the county average wage for such
5 county for the purpose of determining eligibility. The
6 department shall publish the county average wage for each county
7 at least annually. Notwithstanding the provisions of this
8 subdivision to the contrary, for any qualified company that in
9 conjunction with their project is relocating employees from a
10 Missouri county with a higher county average wage, the company
11 shall obtain the endorsement of the governing body of the
12 community from which jobs are being relocated or the county
13 average wage for their project shall be the county average wage
14 for the county from which the employees are being relocated;

15 [(4)] (5) "Department", the Missouri department of economic
16 development;

17 [(5)] (6) "Director", the director of the department of
18 economic development;

19 [(6)] (7) "Employee", a person employed by a qualified
20 company;

21 [(7) "Full-time equivalent employees", employees of the
22 qualified company converted to reflect an equivalent of the
23 number of full-time, year-round employees. The method for
24 converting part-time and seasonal employees into an equivalent
25 number of full-time, year-round employees shall be published in a
26 rule promulgated by the department as authorized in section
27 620.1884;]

28 (8) "Full-time[, year-round] employee", an employee of the

1 qualified company that [works] is scheduled to work an average of
2 at least thirty-five hours per week for a twelve-month period,
3 and one for which the qualified company offers health insurance
4 and pays at least fifty percent of such insurance premiums;

5 (9) "High-impact project", a qualified company that, within
6 two years from commencement of operations, creates one hundred or
7 more new jobs;

8 (10) "Local incentives", the present value of the dollar
9 amount of direct benefit received by a qualified company for a
10 project facility from one or more local political subdivisions,
11 but shall not include loans or other funds provided to the
12 qualified company that must be repaid by the qualified company to
13 the political subdivision;

14 (11) "NAICS", the 1997 edition of the North American
15 Industry Classification System as prepared by the Executive
16 Office of the President, Office of Management and Budget. Any
17 NAICS sector, subsector, industry group or industry identified in
18 this section shall include its corresponding classification in
19 subsequent federal industry classification systems;

20 (12) "New direct local revenue", the present value of the
21 dollar amount of direct net new tax revenues of the local
22 political subdivisions likely to be produced by the project over
23 a ten-year period as calculated by the department, excluding
24 local earnings tax, and net new utility revenues, provided the
25 local incentives include a discount or other direct incentives
26 from utilities owned or operated by the political subdivision;

27 (13) "New investment", the purchase or leasing of new
28 tangible assets to be placed in operation at the project

1 facility, which will be directly related to the new jobs;

2 (14) "New job", the number of full-time[, year-round]
3 employees located at the project facility that exceeds the
4 project facility base employment less any decrease in the number
5 of full-time [equivalent] employees at related facilities below
6 the related facility base employment. No job that was created
7 prior to the date of the notice of intent shall be deemed a new
8 job;

9 (15) "New payroll", [the amount of wages paid by a
10 qualified company to employees in new jobs] the amount of taxable
11 wages of full-time employees, excluding owners, located at the
12 project facility that exceeds the project facility base payroll.
13 If full-time employment at related facilities is below the
14 related facility base employment, any decrease in payroll for
15 full-time employees at the related facilities below that related
16 facility base payroll shall also be subtracted to determine new
17 payroll;

18 (16) "Notice of intent", a form developed by the
19 department, completed by the qualified company and submitted to
20 the department which states the qualified company's intent to
21 hire new jobs and request benefits under this program;

22 (17) "Percent of local incentives", the amount of local
23 incentives divided by the amount of new direct local revenue;

24 (18) "Program", the Missouri quality jobs program provided
25 in sections 620.1875 to 620.1890;

26 (19) "Project facility", the building used by a qualified
27 company at which the new jobs and new investment will be located.
28 A project facility may include separate buildings that are

1 located within one mile of each other such that their purpose and
2 operations are interrelated;

3 (20) "Project facility base employment", the greater of the
4 number of full-time employees located at the project facility on
5 the date the notice of intent or for the twelve-month period
6 prior to the date of the [proposal] notice of intent, the average
7 number of full-time [equivalent] employees located at the project
8 facility. In the event the project facility has not been in
9 operation for a full twelve-month period, [project facility base
10 employment is] the average number of full-time [equivalent]
11 employees for the number of months the project facility has been
12 in operation prior to the date of the [proposal] notice of
13 intent;

14 (21) "Project facility base payroll", the total amount of
15 taxable wages paid by the qualified company to full-time
16 employees of the qualified company located at the project
17 facility in the twelve months prior to the notice of intent, not
18 including the payroll of the owners of the qualified company
19 unless the qualified company is participating in an employee
20 stock ownership plan. For purposes of calculating the benefits
21 under this program, the amount of base payroll shall increase
22 each year based on an appropriate measure, as determined by the
23 department;

24 (22) "Project period", the time period that the benefits
25 are provided to a qualified company;

26 [(22) "Proposal", a document submitted by the department to
27 the qualified company that states the benefits that may be
28 provided by this program. The effective date of such proposal

1 cannot be prior to the commencement of operations. The proposal
2 shall not offer benefits regarding any jobs created prior to its
3 effective date unless the proposal is for a job retention
4 project;]

5 (23) "Qualified company", a firm, partnership, joint
6 venture, association, private or public corporation whether
7 organized for profit or not, or headquarters of such entity
8 registered to do business in Missouri that is the owner or
9 operator of a project facility, offers health insurance to all
10 full-time employees of all facilities located in this state, and
11 pays at least fifty percent of such insurance premiums. For the
12 purposes of sections 620.1875 to 620.1890, the term "qualified
13 company" shall not include:

14 (a) Gambling establishments (NAICS industry group 7132);

15 (b) Retail trade establishments (NAICS sectors 44 and 45);

16 (c) Food and drinking places (NAICS subsector 722);

17 (d) [Utilities regulated by the Missouri public service
18 commission] Public utilities (NAICS 221 including water and sewer
19 services);

20 (e) Any company that is delinquent in the payment of any
21 nonprotested taxes or any other amounts due the state or federal
22 government or any other political subdivision of this state; [or]

23 (f) Any company that has filed for or has publicly
24 announced its intention to file for bankruptcy protection;

25 (g) Educational services (NAIC sector 61);

26 (h) Religious organizations (NAIC industry group 8131); or

27 (i) Public administration (NAIC sector 92).

1 Notwithstanding any provision of this section to the contrary,
2 the headquarters or administrative offices of an otherwise
3 excluded business may qualify for benefits if the offices serve a
4 multistate territory. In the event a national, state, or
5 regional headquarters operation is not the predominant activity
6 of a project facility, the new jobs and investment of such
7 headquarters operation is considered eligible for benefits under
8 this section if the other requirements are satisfied;

9 (24) "Related company" means:

10 (a) A corporation, partnership, trust, or association
11 controlled by the qualified company;

12 (b) An individual, corporation, partnership, trust, or
13 association in control of the qualified company; or

14 (c) Corporations, partnerships, trusts or associations
15 controlled by an individual, corporation, partnership, trust or
16 association in control of the qualified company. As used in this
17 subdivision, ["control of a corporation["] shall mean ownership,
18 directly or indirectly, of stock possessing at least fifty
19 percent of the total combined voting power of all classes of
20 stock entitled to vote, ["control of a partnership or
21 association["] shall mean ownership of at least fifty percent of
22 the capital or profits interest in such partnership or
23 association, ["control of a trust["] shall mean ownership,
24 directly or indirectly, of at least fifty percent of the
25 beneficial interest in the principal or income of such trust, and
26 ownership shall be determined as provided in Section 318 of the
27 Internal Revenue Code of 1986, as amended;

28 (25) "Related facility", a facility operated by the

1 qualified company or a related company located in this state that
2 is directly related to the operations of the project facility;

3 (26) "Related facility base employment", the greater of the
4 number of full-time employees located at all related facilities
5 on the date of the notice of intent or for the twelve-month
6 period prior to the date of the [proposal] notice of intent, the
7 average number of full-time [equivalent] employees located at all
8 related facilities of the qualified company or a related company
9 located in this state;

10 (27) "Related facility base payroll", the total amount of
11 taxable wages paid by the qualified company to full-time
12 employees of the qualified company located at a related facility
13 in the twelve months prior to the filing of the notice of intent,
14 not including the payroll of the owners of the qualified company
15 unless the qualified company is participating in an employee
16 stock ownership plan. For purposes of calculating the benefits
17 under this program, the amount of related facility base payroll
18 shall increase each year based on an appropriate measure, as
19 determined by the department;

20 (28) "Rural area", a county in Missouri with a population
21 less than seventy-five thousand or that does not contain an
22 individual city with a population greater than fifty thousand
23 according to the most recent federal decennial census;

24 [(28)] (29) "Small and expanding business project", a
25 qualified company that within two years of the date of the
26 [proposal] approval creates a minimum of twenty new jobs if the
27 project facility is located in a rural area or a minimum of forty
28 new jobs if the project facility is not located in a rural area

1 and creates fewer than one hundred new jobs regardless of the
2 location of the project facility;

3 [(29)] (30) "Tax credits", tax credits issued by the
4 department to offset the state income taxes imposed by [chapter]
5 chapters 143 and 148, RSMo, or which may be sold or refunded as
6 provided for in this program;

7 [(30)] (31) "Technology business project", a qualified
8 company that within two years of the date of the [proposal]
9 approval creates a minimum of ten new jobs [with at least
10 seventy-five percent of the new jobs directly] involved in the
11 operations of a technology company as determined by a regulation
12 promulgated by the department under the provisions of section
13 620.1884 [and] or classified by NAICS codes; or which researches,
14 develops, or manufactures power system technology for:
15 aerospace; space; defense; hybrid vehicles; or implantable or
16 wearable medical devices;

17 [(31)] (32) "Withholding tax", the state tax imposed by
18 sections 143.191 to 143.265, RSMo. For purposes of this program,
19 the withholding tax shall be computed using a schedule as
20 determined by the department based on average wages.

21 620.1881. 1. The department of economic development shall
22 respond within thirty days to a company who provides a notice of
23 intent with either [a proposal] an approval or a rejection of the
24 notice of intent. The department shall give preference to
25 qualified companies and projects targeted at an area of the state
26 which has recently been classified as a disaster area by the
27 federal government. Failure to respond on behalf of the
28 department of economic development shall result in the notice of

1 intent being deemed [a proposal] an approval for the purposes of
2 this section. A qualified company who is provided [a proposal]
3 an approval for a project shall be allowed a benefit as provided
4 in this program in the amount and duration provided in this
5 section. A qualified company may receive additional periods for
6 subsequent new jobs at the same facility after the full initial
7 period if the minimum thresholds are met as set forth in sections
8 620.1875 to 620.1890. There is no limit on the number of periods
9 a qualified company may participate in the program, as long as
10 the minimum thresholds are achieved and the qualified company
11 provides the department with the required reporting and is in
12 proper compliance for this program or other state programs. A
13 qualified company may elect to file a notice of intent to start a
14 new project period concurrent with an existing project period if
15 the minimum thresholds are achieved and the qualified company
16 provides the department with the required reporting and is in
17 proper compliance for this program and other state programs;
18 however, the qualified company may not receive any further
19 benefit under the original [proposal] approval for jobs created
20 after the date of the new notice of intent, and any jobs created
21 before the new notice of intent may not be included as new jobs
22 for the purpose of benefit calculation in relation to the new
23 [proposal] approval.

24 2. Notwithstanding any provision of law to the contrary,
25 any qualified company that is awarded benefits under this program
26 may not [also] simultaneously receive tax credits or exemptions
27 under sections 135.100 to 135.150, sections 135.200 to 135.286,
28 section 135.535, or sections 135.900 to 135.906, RSMo, [for the

1 same new jobs] at the same project facility. The benefits
2 available to the company under any other state programs for which
3 the company is eligible and which utilize withholding tax from
4 the new jobs of the company must first be credited to the other
5 state program before the withholding retention level applicable
6 under the Missouri quality jobs act will begin to accrue. These
7 other state programs include, but are not limited to, the new
8 jobs training program under sections 178.892 to 178.896, RSMo,
9 the job retention program under sections 178.760 to 178.764,
10 RSMo, the real property tax increment allocation redevelopment
11 act, sections 99.800 to 99.865, RSMo, or the Missouri downtown
12 and rural economic stimulus act under sections 99.915 to 99.980,
13 RSMo. If any qualified company also participates in the new jobs
14 training program in sections 178.892 to 178.896, RSMo, the
15 company shall retain no withholding tax, but the department shall
16 issue a refundable tax credit for the full amount of benefit
17 allowed under this subdivision. The calendar year annual maximum
18 amount of tax credits which may be issued to a qualifying company
19 that also participates in the new job training program shall be
20 increased by an amount equivalent to the withholding tax retained
21 by that company under the new jobs training program. However, if
22 the combined benefits of the quality jobs training program and
23 the new jobs training program exceed the projected state benefit
24 of the project, as determined by the department of economic
25 development through a cost-benefit analysis, the increase in the
26 maximum tax credits shall be limited to the amount that would not
27 cause the combined benefits to exceed the projected state
28 benefit.

1 3. The types of projects and the amount of benefits to be
2 provided are:

3 (1) Small and expanding business projects: in exchange for
4 the consideration provided by the new tax revenues and other
5 economic [stimulus] stimuli that will be generated by the new
6 jobs created by the program, a qualified company may retain an
7 amount equal to the withholding tax as calculated under
8 subdivision (32) of section 620.1878 from the new jobs that would
9 otherwise be withheld and remitted by the qualified company under
10 the provisions of sections 143.191 to 143.265, RSMo, for a period
11 of three years from the date the required number of new jobs were
12 created if the average wage of the new payroll equals or exceeds
13 the county average wage or for a period of five years from the
14 date the required number of new jobs were created if the average
15 wage of the new payroll equals or exceeds one hundred twenty
16 percent of the county average wage;

17 (2) Technology business projects: in exchange for the
18 consideration provided by the new tax revenues and other economic
19 [stimulus] stimuli that will be generated by the new jobs created
20 by the program, a qualified company may retain an amount equal to
21 a maximum of five percent of new payroll for a period of five
22 years from the date the required number of jobs were created from
23 the withholding tax of the new jobs that would otherwise be
24 withheld and remitted by the qualified company under the
25 provisions of sections 143.191 to 143.265, RSMo, if the average
26 wage of the new payroll equals or exceeds the county average
27 wage. An additional one-half percent of new payroll may be added
28 to the five percent maximum if the average wage of the new

1 payroll in any year exceeds one hundred twenty percent of the
2 county average wage in the county in which the project facility
3 is located, plus an additional one-half percent of new payroll
4 may be added if the average wage of the new payroll in any year
5 exceeds one hundred forty percent of the average wage in the
6 county in which the project facility is located. The department
7 shall issue a refundable tax credit for any difference between
8 the amount of benefit allowed under this subdivision and the
9 amount of withholding tax retained by the company, in the event
10 the withholding tax is not sufficient to provide the entire
11 amount of benefit due to the qualified company under this
12 subdivision. The calendar year annual maximum amount of tax
13 credits that may be issued to any qualified company for a project
14 or combination of projects is five hundred thousand dollars;

15 (3) High impact projects: in exchange for the
16 consideration provided by the new tax revenues and other economic
17 [stimulus] stimuli that will be generated by the new jobs created
18 by the program, a qualified company may retain an amount from the
19 withholding tax of the new jobs that would otherwise be withheld
20 and remitted by the qualified company under the provisions of
21 sections 143.191 to 143.265, RSMo, equal to three percent of new
22 payroll for a period of five years from the date the required
23 number of jobs were created if the average wage of the new
24 payroll equals or exceeds the county average wage of the county
25 in which the project facility is located. The percentage of
26 payroll allowed under this subdivision shall be three and
27 one-half percent of new payroll if the average wage of the new
28 payroll in any year exceeds one hundred twenty percent of the

1 county average wage in the county in which the project facility
2 is located. The percentage of payroll allowed under this
3 subdivision shall be four percent of new payroll if the average
4 wage of the new payroll in any year exceeds one hundred forty
5 percent of the county average wage in the county in which the
6 project facility is located. An additional one percent of new
7 payroll may be added to these percentages if local incentives
8 equal between ten percent and twenty-four percent of the new
9 direct local revenue; an additional two percent of new payroll is
10 added to these percentages if the local incentives equal between
11 twenty-five percent and forty-nine percent of the new direct
12 local revenue; or an additional three percent of payroll is added
13 to these percentages if the local incentives equal fifty percent
14 or more of the new direct local revenue. The department shall
15 issue a refundable tax credit for any difference between the
16 amount of benefit allowed under this subdivision and the amount
17 of withholding tax retained by the company, in the event the
18 withholding tax is not sufficient to provide the entire amount of
19 benefit due to the qualified company under this subdivision. The
20 calendar year annual maximum amount of tax credits that may be
21 issued to any qualified company for a project or combination of
22 projects is seven hundred fifty thousand dollars. The calendar
23 year annual maximum amount of tax credit that may be issued to
24 any qualified company for a project or combination of projects
25 may be increased up to one million dollars if the number of new
26 jobs will exceed five hundred and if such action is proposed by
27 the department and approved by the quality jobs advisory task
28 force established in section 620.1887; provided, however, until

1 such time as the initial at-large members of the quality jobs
2 advisory task force are appointed, this determination shall be
3 made by the director of the department of economic development.
4 In considering such a request, the task force shall rely on
5 economic modeling and other information supplied by the
6 department when requesting the increased limit on behalf of the
7 project;

8 (4) Job retention projects: a qualified company may
9 receive a tax credit for the retention of jobs in this state,
10 provided the qualified company and the project meets all of the
11 following conditions:

12 (a) For each of the twenty-four months preceding the year
13 in which application for the program is made the qualified
14 company must have maintained at least one thousand full-time[,
15 year-round] employees at the employer's site in the state at
16 which the jobs are based, and the average wage of such employees
17 must meet or exceed the county average wage;

18 (b) The qualified company retained at the project facility
19 the level of full-time[, year-round] employees that existed in
20 the taxable year immediately preceding the year in which
21 application for the program is made;

22 (c) The qualified company is considered to have a
23 significant statewide effect on the economy, and has been
24 determined to represent a substantial risk of relocation from the
25 state by the quality jobs advisory task force established in
26 section 620.1887; provided, however, until such time as the
27 initial at-large members of the quality jobs advisory task force
28 are appointed, this determination shall be made by the director

1 of the department of economic development;

2 (d) The qualified company in the project facility will
3 cause to be invested a minimum of seventy million dollars in new
4 investment prior to the end of two years or will cause to be
5 invested a minimum of thirty million dollars in new investment
6 prior to the end of two years and maintain an annual payroll of
7 at least seventy million dollars during each of the years for
8 which a credit is claimed; and

9 (e) The local taxing entities shall provide local
10 incentives of at least fifty percent of the new direct local
11 revenues created by the project over a ten-year period.

12
13 The quality jobs advisory task force may recommend to the
14 department of economic development that appropriate penalties be
15 applied to the company for violating the agreement. The amount
16 of the job retention credit granted may be equal to up to fifty
17 percent of the amount of withholding tax generated by the
18 full-time[, year-round] jobs at the project facility for a period
19 of five years. The calendar year annual maximum amount of tax
20 credit that may be issued to any qualified company for a job
21 retention project or combination of job retention projects shall
22 be seven hundred fifty thousand dollars per year, but the maximum
23 amount may be increased up to one million dollars if such action
24 is proposed by the department and approved by the quality jobs
25 advisory task force established in section 620.1887; provided,
26 however, until such time as the initial at-large members of the
27 quality jobs advisory task force are appointed, this
28 determination shall be made by the director of the department of

1 economic development. In considering such a request, the task
2 force shall rely on economic modeling and other information
3 supplied by the department when requesting the increased limit on
4 behalf of the job retention project. In no event shall the total
5 amount of all tax credits issued for the entire job retention
6 program under this subdivision exceed three million dollars
7 annually. Notwithstanding the above, no tax credits shall be
8 issued for job retention projects approved by the department
9 after August 30, 2007;

10 (5) Small business job retention and flood survivor relief:
11 a qualified company may receive a tax credit under sections
12 620.1875 to 620.1890 for the retention of jobs and flood survivor
13 relief in this state for each job retained over a three-year
14 period, provided that:

15 (a) The qualified company and related companies have fewer
16 than one hundred employees at the time application for the
17 program is made;

18 (b) The average wage of the qualified company's and related
19 companies' employees must meet or exceed the county average wage;

20 (c) All of the qualified company's and related companies'
21 facilities are located in this state;

22 (d) The facilities at the primary business site in this
23 state have been directly damaged by flood water rising above the
24 level of a five hundred year flood at least two years, but fewer
25 than eight years, prior to the time application is made;

26 (e) The qualified company made significant efforts to
27 protect the facilities prior to any impending danger from rising
28 floodwaters;

1 (f) For each year it receives tax credits under sections
2 620.1875 to 620.1890, the qualified company and related companies
3 retained, at the company's facilities in this state, at least the
4 level of full-time, year-round employees that existed in the
5 taxable year immediately preceding the year in which application
6 for the program is made; and

7 (g) In the years it receives tax credits under sections
8 620.1875 to 620.1890, the company cumulatively invests at least
9 two million dollars in capital improvements in facilities and
10 equipment located at such facilities that are not located within
11 a five hundred year flood plain as designated by the Federal
12 Emergency Management Agency, and amended from time to time.

13
14 The amount of the small business job retention and flood survivor
15 relief credit granted may be equal to up to one hundred percent
16 of the amount of withholding tax generated by the full-time jobs
17 at the project facility for a period of three years. The
18 calendar year annual maximum amount of tax credit that may be
19 issued to any qualified company for a small business job
20 retention and survivor relief project shall be two hundred fifty
21 thousand dollars per year, but the maximum amount may be
22 increased up to five hundred thousand dollars if such action is
23 proposed by the department and approved by the quality jobs
24 advisory task force established in section 620.1887. In
25 considering such a request, the task force shall rely on economic
26 modeling and other information supplied by the department when
27 requesting an increase in the limit on behalf of the small
28 business job retention and flood survivor relief project. In no

1 event shall the total amount of all tax credits issued for the
2 entire small business job retention and flood survivor relief
3 program under this subdivision exceed five hundred thousand
4 dollars annually. Notwithstanding the provisions of this
5 subdivision to the contrary, no tax credits shall be issued for
6 small business job retention and flood survivor relief projects
7 approved by the department after August 30, 2010.

8 4. The qualified company shall provide an annual report of
9 the number of jobs and such other information as may be required
10 by the department to document the basis for the benefits of this
11 program. The department may withhold the approval of any
12 benefits until it is satisfied that proper documentation has been
13 provided, and shall reduce the benefits to reflect any reduction
14 in full-time[, year-round] employees or new payroll. Upon
15 approval by the department, the qualified company may begin the
16 retention of the withholding taxes when it reaches the minimum
17 number of new jobs and the average wage exceeds the county
18 average wage. Tax credits, if any, may be issued upon
19 satisfaction by the department that the qualified company has
20 exceeded the county average wage and the minimum number of new
21 jobs. In such annual report, if the average wage is below the
22 county average wage, the qualified company has not maintained the
23 employee insurance as required, or if the number of new jobs is
24 below the minimum, the qualified company shall not receive tax
25 credits or retain the withholding tax for the balance of the
26 benefit period. In the case of a qualified company that
27 initially filed a notice of intent and received an approval from
28 the department for high impact benefits and the minimum number of

1 new jobs in an annual report is below the minimum for high impact
2 projects, the company shall not receive tax credits for the
3 balance of the benefit period but may continue to retain the
4 withholding taxes if it otherwise meets the requirements of a
5 small and expanding business under this program.

6 5. The maximum calendar year annual tax credits issued for
7 the entire program shall not exceed [twelve] thirty million
8 dollars. Notwithstanding any provision of law to the contrary,
9 the maximum annual tax credits authorized under section 135.535,
10 RSMo, are hereby reduced from ten million dollars to eight
11 million dollars, with the balance of two million dollars
12 transferred to this program. There shall be no limit on the
13 amount of withholding taxes that may be retained by approved
14 companies under this program.

15 6. The department shall allocate the annual tax credits
16 based on the date of the [proposal] approval, reserving such tax
17 credits based on the department's best estimate of new jobs and
18 new payroll of the project, and the other factors in the
19 determination of benefits of this program. However, the annual
20 issuance of tax credits is subject to the annual verification of
21 the actual new payroll. The allocation of tax credits for the
22 period assigned to a project shall expire if, within two years
23 from the date of commencement of operations, or [proposal]
24 approval if applicable, the minimum thresholds have not been
25 achieved. The qualified company may retain authorized amounts
26 from the withholding tax under this section once the minimum new
27 jobs thresholds are met for the duration of the project period.
28 No benefits shall be provided under this program until the

1 qualified company meets the minimum new jobs thresholds. In the
2 event the qualified company does not meet the minimum new job
3 threshold, the qualified company may submit a new notice of
4 intent or the department may provide a new [proposal] approval
5 for a new project of the qualified company at the project
6 facility or other facilities.

7 7. For a qualified company with flow-through tax treatment
8 to its members, partners, or shareholders, the tax credit shall
9 be allowed to members, partners, or shareholders in proportion to
10 their share of ownership on the last day of the qualified
11 company's tax period.

12 8. Tax credits may be claimed against taxes otherwise
13 imposed by chapters 143 and 148, RSMo, and may not be carried
14 forward but shall be claimed within one year of the close of the
15 taxable year for which they were issued.

16 9. Tax credits authorized by this section may be
17 transferred, sold, or assigned by filing a notarized endorsement
18 thereof with the department that names the transferee, the amount
19 of tax credit transferred, and the value received for the credit,
20 as well as any other information reasonably requested by the
21 department.

22 10. Prior to the issuance of tax credits, the department
23 shall verify through the department of revenue that the tax
24 credit applicant does not owe any delinquent income, sales, or
25 use tax or interest or penalties on such taxes, and through the
26 department of insurance that the applicant does not owe any
27 delinquent insurance taxes. Such delinquency shall not affect
28 the authorization of the application for such tax credits, except

1 that at issuance credits shall be first applied to the
2 delinquency and any amount issued shall be reduced by the
3 applicant's tax delinquency. If the department of revenue or the
4 department of insurance concludes that a taxpayer is delinquent
5 after June fifteenth but before July first of any year and the
6 application of tax credits to such delinquency causes a tax
7 deficiency on behalf of the taxpayer to arise, then the taxpayer
8 shall be granted thirty days to satisfy the deficiency in which
9 interest, penalties, and additions to tax shall be tolled. After
10 applying all available credits toward a tax delinquency, the
11 administering agency shall notify the appropriate department and
12 that department shall update the amount of outstanding delinquent
13 tax owed by the applicant. If any credits remain after
14 satisfying all insurance, income, sales, and use tax
15 delinquencies, the remaining credits shall be issued to the
16 applicant, subject to the restrictions of other provisions of
17 law.

18 11. The director of revenue shall issue a refund to the
19 qualified company to the extent that the amount of credits
20 allowed in this section exceeds the amount of the qualified
21 company's income tax.

22 [11.] 12. An employee of a qualified company will receive
23 full credit for the amount of tax withheld as provided in section
24 [143.221] 143.211, RSMo.

25 [12.] 13. If any provision of sections 620.1875 to 620.1890
26 or application thereof to any person or circumstance is held
27 invalid, the invalidity shall not affect other provisions or
28 application of these sections which can be given effect without

1 the invalid provisions or application, and to this end, the
2 provisions of sections 620.1875 to 620.1890 are hereby declared
3 severable.

4 Section B. Because of the need to protect innocent product
5 sellers from liability, the repeal and reenactment of sections
6 144.605 and 147.010 and the enactment of section 143.006 of this
7 act are deemed necessary for the immediate preservation of the
8 public health, welfare, peace and safety, and are hereby declared
9 to be an emergency act within the meaning of the constitution,
10 and the repeal and reenactment of sections 144.605 and 147.010
11 and the enactment of section 143.006 of this act shall be in full
12 force and effect upon its passage and approval.

13