

FIRST REGULAR SESSION

# HOUSE BILL NO. 863

## 98TH GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVE KRATKY.

1989L.011

D. ADAM CRUMBLISS, Chief Clerk

### AN ACT

To amend chapter 135, RSMo, by adding thereto one new section relating to a tax credit for renovation of rental property.

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

Section A. Chapter 135, RSMo, is amended by adding thereto one new section, to be known as section 135.1160, to read as follows:

**135.1160. 1. As used in this section, the following terms mean:**

(1) "Eligible costs", the purchase costs of materials or labor for cabinets, carpentry, carpeting, ceramic tile, concrete, counter and vanity tops, drywall, electrical work, exterior siding, heating and cooling, insulation, masonry, painting, plaster, plumbing, plumbing fixtures, roofing, tuckpointing, waterproofing, windows, and wood flooring;

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

(3) "Taxpayer", any individual subject to the tax imposed in chapter 143, excluding withholding tax imposed by sections 143.191 to 143.265 who owns a multi-family dwelling or residence with at least two or more units that is operated as rental property, who renovates the rental property, and who lives in one of the units in the renovated rented dwelling or residence.

2. For all taxable years beginning on or after January 1, 2016, a taxpayer shall be allowed a tax credit for eligible costs incurred in renovating the taxpayer's rented dwelling or residence. The tax credit amount shall be equal to twenty percent of such eligible costs, but shall not exceed two thousand five hundred dollars per taxpayer claiming the credit. The amount of the tax credit issued shall not exceed the amount of the taxpayer's state tax

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

18 liability for the tax year for which the credit is claimed. If the amount of the tax credit  
19 allowed exceeds the amount of the taxpayer's state tax liability for the tax year for which  
20 the credit is claimed, the difference shall not be refundable but may be carried forward to  
21 any of the taxpayer's three subsequent taxable years. No tax credit issued under this  
22 section shall be transferred, sold, or assigned. The aggregate amount of tax credits which  
23 may be issued under this section in any one fiscal year shall not exceed five million dollars.  
24 The tax credits issued under this section shall be issued on a first-come, first-served filing  
25 basis.

26 3. To claim the tax credit allowed under this section, the taxpayer shall include with  
27 the taxpayer's income tax return any documentation and information required by the  
28 department to verify that the taxpayer has actually incurred the eligible costs.

29 4. The department of revenue may promulgate rules to implement the provisions  
30 of this section. Any rule or portion of a rule, as that term is defined in section 536.010, that  
31 is created under the authority delegated in this section shall become effective only if it  
32 complies with and is subject to all of the provisions of chapter 536 and, if applicable,  
33 section 536.028. This section and chapter 536 are nonseverable and if any of the powers  
34 vested with the general assembly pursuant to chapter 536 to review, to delay the effective  
35 date, or to disapprove and annul a rule are subsequently held unconstitutional, then the  
36 grant of rulemaking authority and any rule proposed or adopted after August 28, 2015,  
37 shall be invalid and void.

38 5. Under section 23.253 of the Missouri sunset act:

39 (1) The provisions of the new program authorized under this section shall  
40 automatically sunset on December thirty-first six years after the effective date of this  
41 section unless reauthorized by an act of the general assembly; and

42 (2) If such program is reauthorized, the program authorized under this section  
43 shall automatically sunset on December thirty-first twelve years after the effective date of  
44 the reauthorization of this section; and

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

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