HCS HB 325 -- TAX DEDUCTION FOR OUT-OF-STATE BUSINESSES RELOCATING TO MISSOURI (McCaherty)

COMMITTEE OF ORIGIN: Standing Committee on Small Business

This bill establishes the Bring Jobs Home Act and authorizes a tax deduction against income tax other than the withholding tax of up to 50% of the eligible insourcing expenses associated with eliminating a business located outside of the state and reestablishing it in Missouri. The elimination may occur in a year other than the year the relocation occurs, and the expenses must be under a written insourcing plan. To be eligible for the tax deduction, the number of full-time employees in Missouri for the year the deduction is claimed must exceed the number of full-time employees for the year preceding the year in which the eligible insourcing expenses were paid or incurred.

Eligible insourcing expenses must be taken into account during the taxable year that the plan has been completed and all eligible insourcing expenses have been paid or incurred or, if the taxpayer chooses, the first taxable year after the taxable year the expenses have been paid or incurred. A deduction will not be allowed for any expenses incurred when dissolving a business in Missouri and relocating it to another state.

The maximum annual amount of tax deductions allowed under this program must not exceed $20 million and will be allowed on a first come first served filing basis. Any deduction that cannot be claimed in the taxable year can be carried forward up to five years. If a taxpayer is allowed a deduction under this program and within 10 years of receiving the deduction eliminates the business unit for which the deduction was allowed, the taxpayer must repay the state an amount equal to the amount of the deduction.

The provisions of the bill will expire six years after the effective date.