

HOUSE BILL NO. 2759

98TH GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVE MCCAHERTY.

6838H.011

D. ADAM CRUMBLISS, Chief Clerk

AN ACT

To amend chapter 135, RSMo, by adding thereto one new section relating to a benevolent tax credit for certain organizations.

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
2 known as section 135.435, to read as follows:

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

- 2 **(1) "Contribution", a donation of cash; stock, bonds, or other marketable**
3 **securities; or real property;**
4 **(2) "Director", the director of the department of corrections;**
5 **(3) "Ex-offender", a person who is paroled, discharged, or otherwise released from**
6 **any correctional facility of the department of corrections or any mental health institution**
7 **where such person was confined;**
8 **(4) "Qualified organization", an organization exempt from taxation under section**
9 **501(c)(3) of the Internal Revenue Code that provides assistance to ex-offenders to promote**
10 **or encourage healthy reintegration into society and avoid reincarceration that has operated**
11 **in this capacity for longer than one year;**
12 **(5) "State tax liability", in the case of a business taxpayer, any liability incurred by**
13 **such taxpayer pursuant to the provisions of chapters 143, 148, and 153, excluding sections**
14 **143.191 to 143.265 and related provisions, and, in the case of an individual taxpayer, any**
15 **liability incurred by such taxpayer under the provisions of chapter 143, excluding sections**
16 **143.191 to 143.265 and related provisions;**

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

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

27 **2. For all tax years beginning on or after January 1, 2017, a taxpayer shall be**
28 **allowed to claim a tax credit against the taxpayer's state tax liability in an amount equal**
29 **to fifty percent of the taxpayer's contribution to a qualified organization made during any**
30 **of the preceding three tax years. The qualified organization shall use the taxpayer's**
31 **contribution to assist ex-offenders with the goal of reducing recidivism.**

32 **3. Tax credits issued under this section are not refundable, however any tax credit**
33 **that cannot be claimed in the tax year in which the contribution was made may be carried**
34 **over to the next four succeeding tax years until the full credit has been claimed.**

35 **4. Except for any excess credit which is carried over under subsection 3 of this**
36 **section, a taxpayer shall not be allowed to claim a tax credit unless the total amount of such**
37 **taxpayer's contribution or contributions to a qualified organization or organizations in**
38 **such taxpayer's tax year has a value of at least one hundred dollars.**

39 **5. The director shall determine, at least annually, which organizations in this state**
40 **may be classified as qualified organizations. The director may require of an organization**
41 **seeking to be classified as a qualified organization whatever information which is**
42 **reasonably necessary to make such a determination. The director shall classify an**
43 **organization as a qualified organization if such organization meets the definition set forth**
44 **in subsection 1 of this section and the organization has a recidivism rate that is lower than**
45 **the average recidivism rate in the state for ex-offenders not working with a qualified**
46 **organization by seven percent or more as determined based on data from the previous**
47 **year. When determining the qualified organization's recidivism rate, a qualified**
48 **organization shall include any ex-offender who voluntarily leaves or is removed from the**
49 **qualified organization's program.**

50 **6. The director shall establish a procedure by which a taxpayer can determine if**
51 **an organization has been classified as a qualified organization. Qualified organizations**
52 **shall be permitted to decline a contribution from a taxpayer. Upon receipt of a**

53 contribution, the department shall issue to the taxpayer a statement evidencing receipt of
54 such donation, including the value of such donation.

55 7. Each qualified organization shall provide information to the director of revenue
56 concerning the identity of each taxpayer making a contribution to the qualified
57 organization who is claiming a tax credit under this section and the amount of the
58 contribution. The director of revenue shall not authorize more than two million dollars
59 in tax credits provided under this section in any calendar year. Contributions shall be
60 processed on a first come, first serve basis. Contributions in excess of the tax credit cap
61 shall be placed in line for tax credits issued the following year, or shall be given the
62 opportunity to complete their donation without the expectation of a tax credit, or shall
63 request to have their donation returned.

64 8. The provisions of this section shall not be construed to limit or in any way impair
65 the department of revenue's ability to issue tax credits authorized on or before the date the
66 program authorized under this section expires or a taxpayer's ability to redeem such tax
67 credits.

68 9. Under section 23.253 of the Missouri sunset act:

69 (1) The program established under this section shall automatically expire on
70 December 31, 2022, unless reauthorized by an act of the general assembly;

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

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

✓