

SECOND REGULAR SESSION

SENATE BILL NO. 1186

93RD GENERAL ASSEMBLY

INTRODUCED BY SENATOR ENGLER.

Read 1st time March 1, 2006, and ordered printed.

TERRY L. SPIELER, Secretary.

5453S.011

AN ACT

To amend chapter 135, RSMo, by adding thereto one new section relating to the Missouri new markets tax credit program.

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 135.1176, to read as follows:

135.1176. 1. The general assembly hereby finds and declares that the health, safety, and welfare of the people of this state are dependent upon the continued encouragement, development, growth, and expansion of the private sector within the state, especially increased access to capital in certain disadvantaged areas of the state and encouragement of insurance companies to increase investment in such areas. Therefore, it is declared to be the purpose of this section to encourage and attract private sector capital investment to such areas within this state.

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

(1) "Adjusted purchase price", the produce of:

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

(b) A fraction, the numerator of which is the dollar amount of qualified low-income community investments held by the issuer of the qualified equity investment in this state, determined as of the immediately preceding credit allowance date, and the denominator of which is the total dollar amount of qualified low-income community investments made by the issuer, determined as of the immediately preceding credit allowance date. The issuer of the qualified entity investment shall certify to the department of revenue the anticipated

22 dollar amount of such investments to be made in the first twelve-month-
23 period following the initial credit allowance date. If on the second
24 credit allowance date the actual dollar amount of such investments is
25 lower than the amount so estimated, the department of revenue shall
26 recapture the difference from the person who took the credit under this
27 section;

28 (2) "Applicable percentage", five percent for each credit
29 allowance date;

30 (3) "Credit allowance date", with respect to any qualified equity
31 investment, the date on which such investment is initially made and
32 each of the six anniversary dates of such date thereafter;

33 (4) "Qualified equity investment", the meaning given to it in
34 Section 45D of the Internal Revenue Code of 1986, as amended.

35 3. A person, either natural or artificial, who holds a qualified
36 equity investment on a credit allowance date of such investment which
37 occurs during the taxable year, may claim a credit against the person's
38 Missouri state liability. "State tax liability" means any liability
39 incurred by a taxpayer under the provision of chapters 143, 147, 148,
40 and 153, RSMo, and section 375.916, RSMo, exclusive of the provisions
41 relating to the withholding of tax as provided for in sections 143.191 to
42 143.265, RSMo, and related provisions for such taxable year equal to the
43 applicable percentage of the adjusted purchase price paid to the issuer
44 of such qualified equity investment for such investment for such credit
45 allowance date.

46 4. The total of all such credits taken by any person under this
47 section shall not exceed such person's total combined state tax liability
48 for that taxable year. Any credits that are not used in the first taxable
49 year eligible for use shall carry forward and be eligible for use in
50 future taxable years.

51 5. If any amount of the federal tax credit available with respect
52 to a qualified equity investment which is eligible for a credit under this
53 section is recaptured under the provisions of Section 45D of the
54 Internal Revenue Code, as amended, the department of revenue shall
55 have the right to recapture a portion of the credit granted with respect
56 to such qualified equity investment under this section. The percentage
57 of the credit granted under this section that may be recaptured under
58 this section shall be equal to the percentage of the total federal credit

59 earned with respect to such qualified equity investment that is
60 recaptured under Section 45D of the Internal Revenue Code of 1986, as
61 amended.

62 6. The department of revenue may promulgate such rules and
63 regulations as may be necessary to carry out the purposes of this
64 section, including rules to facilitate the transfer of credits earned
65 under this section.

66 7. Pursuant to section 23.253, RSMo, of the Missouri sunset act:

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

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

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

Bill ✓

Copy