

# SENATE BILL NO. 661

102ND GENERAL ASSEMBLY

INTRODUCED BY SENATOR MCCREERY.

2547S.01H

KRISTINA MARTIN, Secretary

## AN ACT

To repeal section 32.115, RSMo, and to enact in lieu thereof one new section relating to a tax credit for neighborhood assistance programs.

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

Section A. Section 32.115, RSMo, is repealed and one new  
2 section enacted in lieu thereof, to be known as section 32.115,  
3 to read as follows:

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

4 (1) The annual tax on gross premium receipts of  
5 insurance companies in chapter 148;

6 (2) The tax on banks determined pursuant to  
7 subdivision (2) of subsection 2 of section 148.030;

8 (3) The tax on banks determined in subdivision (1) of  
9 subsection 2 of section 148.030;

10 (4) The tax on other financial institutions in chapter  
11 148;

12 (5) The corporation franchise tax in chapter 147;

13 (6) The state income tax in chapter 143; and

14 (7) The annual tax on gross receipts of express  
15 companies in chapter 153.

16 2. For proposals approved pursuant to section 32.110:

17 (1) The amount of the tax credit shall not exceed  
18 fifty percent of the total amount contributed during the

19 taxable year by the business firm or, in the case of a  
20 financial institution, where applicable, during the relevant  
21 income period in programs approved pursuant to section  
22 32.110;

23 (2) Except as provided in subsection 2 or 5 of this  
24 section, a tax credit of up to seventy percent may be  
25 allowed for contributions to programs where activities fall  
26 within the scope of special program priorities as defined  
27 with the approval of the governor in regulations promulgated  
28 by the director of the department of economic development;

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

36 (a) An area that is not part of a standard  
37 metropolitan statistical area;

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

41 (c) A standard metropolitan statistical area and a  
42 substantial number of persons in such county derive their  
43 income from agriculture.

44 Such community may also be in an unincorporated area in such  
45 county as provided in subdivision (1), (2) or (3) of this  
46 subsection. Except in no case shall the total economic  
47 benefit of the combined federal and state tax savings to the  
48 taxpayer exceed the amount contributed by the taxpayer  
49 during the tax year;

50           (4) Such tax credit allocation, equal to seventy  
51 percent of the total amount contributed, shall not exceed  
52 four million dollars in fiscal year 1999 and six million  
53 dollars in fiscal year 2000 and any subsequent fiscal year.  
54 When the maximum dollar limit on the seventy percent tax  
55 credit allocation is committed, the tax credit allocation  
56 for such programs shall then be equal to fifty percent  
57 credit of the total amount contributed. Regulations  
58 establishing special program priorities are to be  
59 promulgated during the first month of each fiscal year and  
60 at such times during the year as the public interest  
61 dictates. Such credit shall not exceed two hundred and  
62 fifty thousand dollars annually except as provided in  
63 subdivision (5) of this subsection. No tax credit shall be  
64 approved for any bank, bank and trust company, insurance  
65 company, trust company, national bank, savings association,  
66 or building and loan association for activities that are a  
67 part of its normal course of business. Any tax credit not  
68 used in the period the contribution was made may be carried  
69 over the next five succeeding calendar or fiscal years until  
70 the full credit has been claimed. Except as otherwise  
71 provided for proposals approved pursuant to section 32.111,  
72 32.112 or 32.117, in no event shall the total amount of all  
73 other tax credits allowed pursuant to sections 32.100 to  
74 32.125 exceed thirty-two million dollars in any one fiscal  
75 year, of which six million shall be credits allowed pursuant  
76 to section 135.460. If six million dollars in credits are  
77 not approved, then the remaining credits may be used for  
78 programs approved pursuant to sections 32.100 to 32.125;

79           (5) The credit may exceed two hundred fifty thousand  
80 dollars annually and shall not be limited if community  
81 services, crime prevention, education, job training,

82 physical revitalization or economic development, as defined  
83 by section 32.105, is rendered in an area defined by federal  
84 or state law as an impoverished, economically distressed, or  
85 blighted area or as a neighborhood experiencing problems  
86 endangering its existence as a viable and stable  
87 neighborhood, or if the community services, crime  
88 prevention, education, job training, physical revitalization  
89 or economic development is limited to impoverished persons.

90 3. For proposals approved pursuant to section 32.111:

91 (1) The amount of the tax credit shall not exceed  
92 fifty-five percent of the total amount invested in  
93 affordable housing assistance activities or market rate  
94 housing in distressed communities as defined in section  
95 135.530 by a business firm. Whenever such investment is  
96 made in the form of an equity investment or a loan, as  
97 opposed to a donation alone, tax credits may be claimed only  
98 where the loan or equity investment is accompanied by a  
99 donation which is eligible for federal income tax charitable  
100 deduction, and where the total value of the tax credits  
101 herein plus the value of the federal income tax charitable  
102 deduction is less than or equal to the value of the  
103 donation. Any tax credit not used in the period for which  
104 the credit was approved may be carried over the next ten  
105 succeeding calendar or fiscal years until the full credit  
106 has been allowed. If the affordable housing units or market  
107 rate housing units in distressed communities for which a tax  
108 is claimed are within a larger structure, parts of which are  
109 not the subject of a tax credit claim, then expenditures  
110 applicable to the entire structure shall be reduced on a  
111 prorated basis in proportion to the ratio of the number of  
112 square feet devoted to the affordable housing units or  
113 market rate housing units in distressed communities, for

114 purposes of determining the amount of the tax credit. The  
115 total amount of tax credit granted for programs approved  
116 pursuant to section 32.111 for the fiscal year beginning  
117 July 1, 1991, shall not exceed two million dollars, to be  
118 increased by no more than two million dollars each  
119 succeeding fiscal year, until the total tax credits that may  
120 be approved reaches ten million dollars in any fiscal year;

121 (2) For any year during the compliance period  
122 indicated in the land use restriction agreement, the owner  
123 of the affordable housing rental units for which a credit is  
124 being claimed shall certify to the commission that all  
125 tenants renting claimed units are income eligible for  
126 affordable housing units and that the rentals for each  
127 claimed unit are in compliance with the provisions of  
128 sections 32.100 to 32.125. The commission is authorized, in  
129 its discretion, to audit the records and accounts of the  
130 owner to verify such certification;

131 (3) In the case of owner-occupied affordable housing  
132 units, the qualifying owner occupant shall, before the end  
133 of the first year in which credits are claimed, certify to  
134 the commission that the occupant is income eligible during  
135 the preceding two years, and at the time of the initial  
136 purchase contract, but not thereafter. The qualifying owner  
137 occupant shall further certify to the commission, before the  
138 end of the first year in which credits are claimed, that  
139 during the compliance period indicated in the land use  
140 restriction agreement, the cost of the affordable housing  
141 unit to the occupant for the claimed unit can reasonably be  
142 projected to be in compliance with the provisions of  
143 sections 32.100 to 32.125. Any succeeding owner occupant  
144 acquiring the affordable housing unit during the compliance

145 period indicated in the land use restriction agreement shall  
146 make the same certification;

147 (4) If at any time during the compliance period the  
148 commission determines a project for which a proposal has  
149 been approved is not in compliance with the applicable  
150 provisions of sections 32.100 to 32.125 or rules promulgated  
151 therefor, the commission may within one hundred fifty days  
152 of notice to the owner either seek injunctive enforcement  
153 action against the owner, or seek legal damages against the  
154 owner representing the value of the tax credits, or  
155 foreclose on the lien in the land use restriction agreement,  
156 selling the project at a public sale, and paying to the  
157 owner the proceeds of the sale, less the costs of the sale  
158 and less the value of all tax credits allowed herein. The  
159 commission shall remit to the director of revenue the  
160 portion of the legal damages collected or the sale proceeds  
161 representing the value of the tax credits. However, except  
162 in the event of intentional fraud by the taxpayer, the  
163 proposal's certificate of eligibility for tax credits shall  
164 not be revoked.

165 4. For proposals approved pursuant to section 32.112,  
166 the amount of the tax credit shall not exceed fifty-five  
167 percent of the total amount contributed to a neighborhood  
168 organization by business firms. Any tax credit not used in  
169 the period for which the credit was approved may be carried  
170 over the next ten succeeding calendar or fiscal years until  
171 the full credit has been allowed. The total amount of tax  
172 credit granted for programs approved pursuant to section  
173 32.112 shall not exceed one million dollars for each fiscal  
174 year. **For any fiscal year in which the total amount of tax**  
175 **credits authorized for programs approved pursuant to section**  
176 **32.111 is less than ten million dollars, such amount not**

177 authorized may be authorized for programs approved pursuant  
178 to section 32.112 during the same fiscal year, provided that  
179 the total combined amount of tax credits for programs  
180 approved pursuant to sections 32.111 and 32.112 during the  
181 fiscal year does not exceed eleven million dollars.

182 5. The total amount of tax credits used for market  
183 rate housing in distressed communities pursuant to sections  
184 32.100 to 32.125 shall not exceed thirty percent of the  
185 total amount of all tax credits authorized pursuant to  
186 sections 32.111 and 32.112.

✓