

# SENATE BILL NO. 35

103RD GENERAL ASSEMBLY

INTRODUCED BY SENATOR ROBERTS.

0483S.01H

KRISTINA MARTIN, Secretary

## AN ACT

To amend chapter 99, RSMo, by adding thereto one new section relating to tax credits for downtown revitalization.

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

Section A. Chapter 99, RSMo, is amended by adding thereto  
2 one new section, to be known as section 99.720, to read as  
3 follows:

99.720. 1. This section shall be known and may be  
2 cited as the "Revitalizing Missouri Downtowns and Main  
3 Streets Act".

2. As used in this section, the following terms mean,  
5 unless the context requires otherwise:

(1) "Department", the Missouri department of economic  
7 development;

(2) "Qualified conversion expenditures", any amount  
9 properly chargeable to capital account. The term "qualified  
10 conversion expenditures" shall not include:

(a) The cost of acquisition;

(b) Any expenditure attributable to the enlargement of  
13 an existing building; or

(c) Tax-exempt properties;

(3) "Qualified converted building", any building and  
16 its structural components if:

(a) Prior to conversion, such building was

18 nonresidential real property, as defined in 26 U.S.C.

19 Section 168(e)(2)(B), as amended, which was leased, or  
20 available for lease, to office tenants;

21 (b) Such building has been substantially converted  
22 from an office use to a residential, retail, or other  
23 commercial use; and

24 (c) Such building was initially placed in service at  
25 least twenty-five years before the beginning of the  
26 conversion;

27 (4) "Qualified Missouri main street district", an  
28 accredited, associated, or affiliated main street district  
29 of the Missouri main street program created pursuant to  
30 sections 251.470 to 251.485;

31 (5) "Substantially converted", qualified conversion  
32 expenditures incurred during the twenty-four-month period  
33 preceding final approval of tax credits that in total are  
34 greater than:

35 (a) The adjusted basis of such building and its  
36 structural components, as determined as of the beginning of  
37 the first day of such twenty-four-month period, or of the  
38 holding period of the building, whichever is later; or

39 (b) Fifteen thousand dollars if the property is  
40 located in a qualified Missouri main street district, or  
41 five hundred thousand dollars if the property is not located  
42 in a qualified Missouri main street district.

43 In the case of any conversion which may reasonably be  
44 expected to be completed in phases set forth in  
45 architectural plans and specifications completed before the  
46 conversion begins, qualified conversion expenditures shall  
47 be totaled for the sixty-month period preceding final  
48 approval of tax credits rather than the twenty-four-month  
49 period preceding such final approval;

50           (6) "Upper floor housing", any housing that is  
51 attached to or contained in the same building as commercial  
52 property, whether located on the ground floor behind the  
53 traditional storefront or on other floors of the property.

54           3. (1) For all tax years beginning on or after  
55 January 1, 2026, the department shall issue a taxpayer a  
56 credit against the taxpayer's state tax liability equal to  
57 twenty-five percent of qualified conversion expenditures  
58 with respect to a qualified converted building, or thirty  
59 percent of qualified conversion expenditures with respect to  
60 upper floor housing located in a qualified Missouri main  
61 street district. If the amount of such tax credit exceeds  
62 the taxpayer's state tax liability for the year in which tax  
63 credits are issued, the amount that exceeds the state tax  
64 liability may be carried back to any of the three preceding  
65 tax years or carried forward for credit against state tax  
66 liability for the succeeding ten tax years, or until the  
67 full credit is used, whichever occurs first.

68           (2) Tax credits authorized pursuant to this section  
69 may be transferred, sold, or assigned.

70           (3) Tax credits authorized for a partnership, a  
71 limited liability company taxed as a partnership, or  
72 multiple owners of property shall be passed through to the  
73 partners, members, or owners respectively pro rata, or  
74 pursuant to an executed agreement among the partners,  
75 members, or owners documenting an alternate distribution  
76 method.

77           (4) The assignee of a tax credit may use the acquired  
78 tax credits to offset up to one hundred percent of the  
79 taxpayer's state tax liability. The assignor shall perfect  
80 such transfer by notifying the department in writing within  
81 thirty calendar days following the effective date of the

82 transfer and shall provide any information as may be  
83 required by the department.

84 4. (1) The total amount of tax credits authorized  
85 pursuant to this section shall not exceed fifty million  
86 dollars in any fiscal year.

87 (2) The provisions of subdivision (1) of this  
88 subsection shall not apply to tax credits authorized for  
89 qualified converted buildings of more than seven hundred  
90 fifty thousand square feet, provided that no more than fifty  
91 million dollars in tax credits shall be authorized for such  
92 qualified converted buildings in any given fiscal year.

93 5. Twenty-five percent of the maximum amount of tax  
94 credits available to be authorized to taxpayers in a fiscal  
95 year shall be authorized solely for projects located in a  
96 qualified Missouri main street district. If the total  
97 amount of such reserved tax credits have been authorized,  
98 projects located in a qualified Missouri main street  
99 district may receive tax credits from the remaining  
100 unreserved amount of tax credits. If the total amount of  
101 reserved tax credits have not been authorized by the  
102 department, projects not located in a qualified Missouri  
103 main street district may be authorized tax credits from such  
104 reserved amount.

105 6. If the maximum amount of tax credits allowed in any  
106 fiscal year, as provided pursuant to subsection 4 of this  
107 section, is issued, the maximum amount of tax credits  
108 allowed pursuant to subsection 4 of this section shall be  
109 adjusted by the percentage increase in the Consumer Price  
110 Index for All Urban Consumers, or its successor index, as  
111 such index is defined and officially reported by the United  
112 States Department of Labor, or its successor agency. Only  
113 one such adjustment shall be made for each instance in which

114 the provisions of this subsection apply. The department  
115 shall publish such adjusted amount.

116 7. (1) To obtain approval for tax credits pursuant to  
117 this section, a taxpayer shall submit an application for tax  
118 credits to the department. Each application for approval,  
119 including any applications received for supplemental  
120 allocations of tax credits as provided pursuant to  
121 subsection 14 of this section, shall be prioritized in the  
122 order of submission.

123 (2) Each application shall be reviewed by the  
124 department for approval. In order to receive approval, an  
125 application shall include:

126 (a) Proof of ownership or site control. Proof of  
127 ownership shall include evidence that the taxpayer is the  
128 fee simple owner of the eligible property, such as a  
129 warranty deed or a closing statement. Proof of site control  
130 may be evidenced by a leasehold interest or an option to  
131 acquire such an interest. If the taxpayer is in the process  
132 of acquiring fee simple ownership, proof of site control  
133 shall include an executed sales contract or an executed  
134 option to purchase the eligible property;

135 (b) Floor plans of the existing structure,  
136 architectural plans, and, where applicable, plans of the  
137 proposed conversion of the structure, as well as proposed  
138 additions;

139 (c) The estimated cost of conversion, the anticipated  
140 total costs of the project, the actual basis of the  
141 property, as shown by proof of actual acquisition costs, the  
142 anticipated total labor costs, the estimated project start  
143 date, and the estimated project completion date;

144 (d) Proof that the property is an eligible property;

145           (e) A copy of all land use and building approvals  
146 reasonably necessary for the commencement of the project; and  
147           (f) Any other information which the department may  
148 reasonably require to review the project for approval.

149 Only the property for which a property address is provided  
150 in the application shall be reviewed for approval. Once  
151 selected for review, a taxpayer shall not be permitted to  
152 request the review of another property for approval in the  
153 place of the property contained in such application. Any  
154 disapproved application shall be removed from the review  
155 process. If an application is removed from the review  
156 process, the department shall notify the taxpayer in writing  
157 of the decision to remove such application. Disapproved  
158 applications shall lose priority in the review process. A  
159 disapproved application, which is removed from the review  
160 process, may be resubmitted, but shall be deemed to be a new  
161 submission for purposes of the priority procedures described  
162 in this section. If the department determines that a  
163 taxpayer has failed to comply with the requirements of this  
164 subsection, then the department shall notify the applicant  
165 of such failure and the applicant shall have a thirty-day  
166 period from the date of such notice to submit additional  
167 evidence to remedy the failure.

168           8. If the department deems the application sufficient,  
169 the taxpayer shall be notified in writing of the approval  
170 for an amount of tax credits equal to twenty-five percent of  
171 qualified conversion expenditures, less any amount of tax  
172 credits previously approved. Such approvals shall be  
173 granted to applications in the order of priority established  
174 under this section and shall require full compliance  
175 thereafter with all other requirements of law as a condition

176 to any claim for such credits. If the department  
177 disapproves an application, the taxpayer shall be notified  
178 in writing of the reasons for such disapproval. A  
179 disapproved application may be resubmitted.

180 9. Following approval of an application, the identity  
181 of the taxpayer contained in such application shall not be  
182 modified except:

183 (1) The taxpayer may add partners, members, or  
184 shareholders as part of the ownership structure, so long as  
185 the principal remains the same; provided, however, that  
186 subsequent to the commencement of renovation and the  
187 expenditure of at least ten percent of the proposed  
188 rehabilitation budget, removal of the principal for failure  
189 to perform duties and the appointment of a new principal  
190 thereafter shall not constitute a change of the principal; or

191 (2) Where the ownership of the project is changed due  
192 to a foreclosure, deed in lieu of a foreclosure or voluntary  
193 conveyance, or a transfer in bankruptcy.

194 10. In the event that the department authorizes tax  
195 credits equal to the total amount available pursuant to  
196 subsection 4 of this section, or sufficient that when  
197 totaled with all other approvals, the amount available  
198 pursuant to subsection 4 of this section is exhausted, all  
199 taxpayers with applications then awaiting approval or  
200 thereafter submitted for approval shall be notified by the  
201 department that no additional approvals shall be granted  
202 during the fiscal year and shall be notified of the priority  
203 given to such taxpayer's application then awaiting  
204 approval. Such applications shall be kept on file by the  
205 department and shall be considered for approval for tax  
206 credits in the order established in this section in the  
207 event that additional credits become available due to the

208 rescission of approvals or when a new fiscal year's  
209 allocation of credits becomes available for approval.

210 11. All taxpayers with applications receiving approval  
211 shall submit within sixty days following the award of  
212 credits evidence of the capacity of the applicant to finance  
213 the costs and expenses for the conversion of the eligible  
214 property in the form of a line of credit or letter of  
215 commitment subject to the lender's termination for a  
216 material adverse change impacting the extension of credit.  
217 If the department determines that a taxpayer has failed to  
218 comply with the requirements of this subsection, then the  
219 department shall notify the applicant of such failure and  
220 the applicant shall have a thirty-day period from the date  
221 of such notice to submit additional evidence to remedy the  
222 failure.

223 12. All taxpayers with applications receiving  
224 approval, excluding projects described in subdivision (2) of  
225 subsection 4 of this section, shall commence conversion  
226 within nine months of the date of issuance of the letter  
227 from the department granting the approval for tax credits.  
228 For the purposes of this subsection, "commence conversion"  
229 shall mean that, as of the date in which actual physical  
230 work, contemplated by the architectural plans submitted with  
231 the application, has begun, the taxpayer has incurred no  
232 less than ten percent of the estimated costs of  
233 rehabilitation provided in the application. Taxpayers with  
234 approval of a project shall submit evidence of compliance  
235 with the provisions of this subsection. If the department  
236 determines that a taxpayer has failed to comply with the  
237 requirements of this subsection, the approval for the amount  
238 of tax credits for such taxpayer shall be rescinded and such  
239 amount of tax credits shall then be included in the total



240 amount of tax credits from which approvals may be granted.  
241 Any taxpayer whose approval shall be subject to rescission  
242 shall be notified of such from the department and, upon  
243 receipt of such notice, may submit a new application for the  
244 project.

245 13. To claim a tax credit authorized pursuant to this  
246 section, a taxpayer with approval shall apply for final  
247 approval and issuance of tax credits from the department,  
248 which shall determine the final amount of qualified  
249 conversion expenditures and whether the completed  
250 rehabilitation meets the requirements of this section. A  
251 taxpayer shall submit to the department a final application  
252 demonstrating:

253 (1) That the taxpayer has substantially converted a  
254 qualified converted building;

255 (2) Satisfactory evidence of any qualified conversion  
256 expenditures for the structure, as determined by the  
257 department; and

258 (3) Any other information reasonably requested by the  
259 department.

260 For financial institutions, tax credits authorized pursuant  
261 to this section shall be deemed to be redevelopment tax  
262 credits for the purposes of sections 135.800 to 135.830.  
263 The approval of all applications and the issuing of  
264 certificates of eligible tax credits to taxpayers shall be  
265 performed by the department. The department shall inform a  
266 taxpayer of final approval by letter and shall issue, to the  
267 taxpayer, tax credit certificates. The taxpayer shall  
268 attach the certificate to all Missouri income tax returns on  
269 which the credit is claimed.

270           14. Except as expressly provided in this subsection,  
271 tax credit certificates shall be issued in the final year  
272 that qualified conversion expenditures are incurred, or  
273 within the twelve-month period immediately following the  
274 conclusion of such rehabilitation. In the event the amount  
275 of qualified conversion expenditures incurred by a taxpayer  
276 would result in the issuance of an amount of tax credits in  
277 excess of the amount provided under such taxpayer's approval  
278 granted pursuant to subsection 8 of this section, such  
279 taxpayer may apply to the department for issuance of tax  
280 credits in an amount equal to such excess. Applications for  
281 issuance of tax credits in excess of the amount provided  
282 under a taxpayer's application shall be made on a form  
283 prescribed by the department. Such applications shall be  
284 subject to all provisions regarding priority provided under  
285 subsection 7 of this section.

286           15. The department shall determine, on an annual  
287 basis, the overall economic impact to the state from the  
288 rehabilitation of eligible property pursuant to this section.

289           16. No taxpayer shall be issued tax credits for  
290 qualified conversion expenditures on a qualified converted  
291 building within twenty-seven years of a previous issuance of  
292 tax credits pursuant to this section on such qualified  
293 converted building.

294           17. The department may promulgate any rules and  
295 regulations necessary to administer the provisions of this  
296 section. Any rule or portion of a rule, as that term is  
297 defined in section 536.010, that is created under the  
298 authority delegated in this section shall become effective  
299 only if it complies with and is subject to all of the  
300 provisions of chapter 536 and, if applicable, section  
301 536.028. This section and chapter 536 are nonseverable and

302 if any of the powers vested with the general assembly  
303 pursuant to chapter 536 to review, to delay the effective  
304 date, or to disapprove and annul a rule are subsequently  
305 held unconstitutional, then the grant of rulemaking  
306 authority and any rule proposed or adopted after August 28,  
307 2025, shall be invalid and void.

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