

FIRST REGULAR SESSION

SENATE BILL NO. 282

90TH GENERAL ASSEMBLY

INTRODUCED BY SENATORS CLAY, YECKEL AND GOODE.

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L0831.011

TERRY L. SPIELER, Secretary.

AN ACT

Relating to tax credits for home renovation and development in certain areas.

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

Section 1. Sections 1 to 4 of this act shall be known and may be cited as the "Neighborhood Preservation Pilot Program". Sections 1 to 4 of this act shall only apply to counties in this state as defined in section 2 of this act.

Section 2. As used in sections 1 to 4 of this act, the following terms mean:

(1) "Certificate of eligibility", a statement issued by a county certifying that a taxpayer qualifies for a tax credit pursuant to sections 1 to 4 of this act and stating the amount of the tax credit;

(2) "County", any county of the first classification with a charter form of government with at least nine hundred thousand inhabitants and any city not within a county;

(3) "Department", the department of revenue;

(4) "Director", the director of the department of revenue;

(5) "Eligible costs for new construction", all reasonable and necessary expenses incurred for a project and verified by the county having jurisdiction, including expenses for surveys, architectural and engineering services, financing, site clearance and preparation, construction and all other incidental expenses; except that, costs paid for by the taxpayer with grants or forgivable loans provided pursuant to state or federal governmental programs are ineligible;

(6) "Eligible costs for rehabilitation", all reasonable and necessary expenses incurred for a project and verified by the county having jurisdiction, including expenses for surveys, architectural and engineering services, financing, site clearance and preparation, construction, modification, expansion, remodeling, renovation,

structural alteration, replacements, renovations and all other necessary and incidental expenses; except that, costs paid for by the taxpayer with grants or forgivable loans provided pursuant to state or federal governmental programs are ineligible;

(7) "Eligible residence", any single-family residence which is or will be owner-occupied and which is located within a United States Census Block Group which has a median household income less than the median household income for the metropolitan statistical area within which the United States Census Block Group is located. Existing residences shall be forty years of age or older and new single-family residences shall be constructed on real property formerly improved by a residence forty years of age or older, demolished for purposes of constructing a replacement residence or vacant real property which has for not less than forty continuous years been classified as residential property or utility, industrial, commercial, railroad or other real property pursuant to article X, section 4(b) of the Missouri Constitution, as defined in section 137.016, RSMo;

(8) "Project", new construction, rehabilitation or substantial rehabilitation of a residence which qualifies for a tax credit pursuant to sections 1 to 4 of this act;

(9) "Qualifying residence", a residence located within a United States Census Block Group which has a median household income less than seventy percent of the median household income for the metropolitan statistical area within which the United States Census Block Group is located and the substantial rehabilitation of which qualifies for a tax credit pursuant to sections 1 to 4 of this act;

(10) "Substantial rehabilitation", rehabilitation the cost of which exceeds fifty percent of the fair market value of the structure immediately prior to rehabilitation;

(11) "Taxpayer", person, partnership, corporation, trust or limited liability company.

Section 3. 1. Any taxpayer who owns and occupies an eligible or qualifying residence for all or part of the taxpayer's taxable year and incurs during the taxable year eligible costs exceeding ten thousand dollars for an eligible or qualifying residence shall receive a credit against the tax otherwise due pursuant to chapter 143, RSMo, 147, RSMo, or 148, RSMo, other than taxes withheld pursuant to sections 143.191 to 143.265, RSMo, in an amount equal to twenty-five percent of the eligible costs for rehabilitation of an existing eligible residence, fifteen percent of the eligible costs for the new construction of an eligible residence, or thirty-five percent of the eligible costs for the substantial rehabilitation of a qualifying residence. Except for tax credits issued for substantial rehabilitation, such a tax credit shall not exceed twenty-five thousand dollars per eligible residence in any ten year period. No tax credit shall be issued to any eligible residence which is in violation of any municipal or county housing or zoning code.

2. A taxpayer who is an owner-occupant of the project shall be deemed to have earned the tax credit issued pursuant to sections 1 to 4 of this act in the taxable year during which the eligible costs were incurred and a taxpayer who is not an owner-occupant of the project shall be deemed to have earned such tax credit in the taxable year during which the taxpayer sells the project.

3. Certificates of tax credit issued pursuant to this section may be transferred with a notarized endorsement of the certificate naming the transferee.

4. Any amount of credit that exceeds the tax due shall not be refunded, but may be carried back to any of the taxpayer's three prior taxable years and carried forward to any of the taxpayer's five subsequent taxable years.

5. The total amount of tax credits which may be issued annually pursuant to this subsection is six million dollars; except that, if any portion of the six million dollars allowed for tax credits pursuant to this subsection is unused at the close of the calendar year, then the unused portion shall be available for use in the subsequent year in addition to the six million dollars authorized by this subsection for the subsequent year.

Section 4. 1. A taxpayer shall, prior to incurring eligible costs for a project, submit an application for the tax credit allowed pursuant to sections 1 to 4 of this act to the county within which the project is located. Such application shall identify the location of the project, the type of project, and the estimated cost of the project. The taxpayer shall attach to the application a copy of any permits required for the performance of the project. Upon receipt of a completed application, the county shall preliminarily determine whether the applicant's project is eligible for a tax credit, review the cost estimate, and in the case of a project involving an existing residence, conduct a preliminary inspection of such residence.

2. Upon completion of the county review and inspection and upon determining the eligibility of the applicant's project, the county shall forward to the department a preliminary determination of eligibility identifying the applicant, the type of project, the location of the project by United States Census Block Group, the estimated cost of the project and the amount of the tax credit preliminarily determined by the county based on the estimated cost.

3. Within ten business days after receipt of the county's preliminary determination of eligibility, the director shall notify the applicant and the county that:

(1) The preliminary determination of eligibility has been accepted;

(2) The preliminary determination of eligibility has been rejected and the reasons for rejection; or

(3) The preliminary determination of eligibility has been placed on hold pending the receipt of additional information and the additional information requested.

The department shall accept a county's preliminary determination of eligibility if the project is eligible for a tax credit pursuant to sections 1 to 4 of this act and tax credits in the amount identified in the preliminary determination are available, taking into account any unexpired reservations of such tax credits.

4. The department's acceptance of a preliminary determination of eligibility shall reserve a tax credit for the applicant in the amount identified in the preliminary determination. Unless the director approves an extension as provided in subsection 5 of this section, such reservation shall expire on the earliest of:

(1) 11:59 p.m. central time on the date which is one hundred eighty days from the date the department's acceptance of the preliminary determination is mailed to the applicant and the county; or

(2) The date on which the applicant voluntarily surrenders the reservation to the director.

5. The county may request an extension of the expiration date of the reservation by filing a written request for extension at least five days before the initial expiration date. An extension shall be granted:

(1) For one year following completion for projects intended to be sold to an owner-occupant and as to which the county has certified were completed as of the date of the request for extension; or

(2) For thirty days for good cause shown, as determined by the director in the director's discretion.

6. Upon completion of a project to be occupied by the applicant, the county shall inspect the project to confirm completion and to determine whether the project satisfies the applicable municipal and county housing and zoning codes. At the county's request, the applicant shall provide to the county a detailed list and supporting documentation of all eligible costs claimed. If the county determines that the project is incomplete or does not meet applicable housing and zoning codes, it shall notify the applicant in writing and specify the work which remains to be completed or identify the ways in which the projects fails to meet applicable housing or zoning codes. If the county determines that the project is complete and meets all applicable codes, the county shall calculate the total eligible costs incurred by the applicant and forward to the department a certificate of eligibility for the project which identifies the amount of tax credit for which the project is eligible.

7. Upon completion of a project to be sold to an owner-occupant, the county shall inspect the project to confirm completion. At the county's request, the applicant shall provide to the county a detailed list and supporting documentation of all eligible costs claimed. If the county determines that the project is incomplete, it shall notify the applicant in writing and specify the work which remains to be completed. If the county

determines that the project is complete and meets all applicable codes, the county shall calculate the total eligible costs incurred by the applicant and forward to the department a request for extension of the expiration date of the reservation as provided in subsection 5 of this section. If the project is sold to an owner-occupant before the extended expiration date of the reservation, the county shall, at the applicant's request, inspect the project to determine whether the project meets applicable municipal or county housing and zoning codes. If the county determines that the project does not meet applicable housing and zoning codes, it shall notify the applicant in writing and identify the ways in which the project fails to meet applicable housing and zoning codes. If the county determines that the project meets applicable housing and zoning codes, the county shall forward to the department a certificate of eligibility for the project which identifies the amount of tax credit for which the project is eligible.

8. The department shall issue a certificate of tax credit to an applicant in the amount provided for in the certificate of eligibility up to the amount reserved for the project if the department determines that the project qualifies for such tax credit pursuant to the provisions of sections 1 to 4 of this act and that the reservation of tax credit has not expired. If the amount of the tax credit for which the county ultimately determines the project is eligible exceeds the amount reserved for such project, the department may grant the larger tax credit if sufficient tax credits remain uncommitted.

9. The department may revoke a certificate of tax credit in whole or in part if any representation made in connection with the application for tax credits proves to be false when made or if the applicant violates any condition stated in the certificate of tax credit. If the department revokes any certificate of tax credit in whole or in part, it shall notify the county and the applicant of the amount of tax credit revoked.

10. To use a tax credit issued pursuant to sections 1 to 4 of this act, a taxpayer shall submit his, her or its certificate of tax credit with the taxpayer's state income tax return. The department shall accept a certificate of tax credit in lieu of other payment in an amount equal to the lesser of the amount of the taxpayer's tax liability or the remaining unused amount of the credit. If the taxpayer's tax credit exceeds the taxpayer's tax liability, the department shall issue a new certificate of tax credit in the amount of any unused balance.

11. The pilot program established pursuant to sections 1 to 4 of this act shall run for at least three years. During the regular session of the general assembly in the years 2001 and 2002, the director shall report to the governor and the general assembly the impact of the pilot program established pursuant to sections 1 to 4 of this act.

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