

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0360S.02C
Bill No.: SCS for SB Nos. 94, 52, 57, 58 & 67
Subject: Tax Credits; Tax Incentives; Tourism
Type: Original
Date: February 13, 2023

Bill Summary: This proposal establishes tax credits for the production of certain entertainment.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2024	FY 2025	FY 2026
General Revenue Fund*/**	(\$1,615,556) to Up to (\$16,112,784)	(\$9,762,752) to Up to (\$24,260,035)	(\$9,756,461) to Up to (\$24,253,739)
Total Estimated Net Effect on General Revenue	(\$1,615,556) to Up to (\$16,112,784)	(\$9,762,752) to Up to (\$24,260,035)	(\$9,756,461) to Up to (\$24,253,739)

*Oversight notes the range in the fiscal impact stems from the five (5) year average amount of Film Production Companies Tax Credit(s), under Section 135.750, issued (as it was administered before sunsetting on November 28, 2013) to the annual cap of the Show Mo tax credit cap (\$16 million annually - \$8 million for film production and \$8 million for series production).

**Oversight notes that section 135.753, the Entertainment Industry Jobs Act, authorizes a tax credit for rehearsal expenses or tour expenses beginning with Tax Years starting January 1, 2024. This credit is has an annual cap of \$8,000,000. Additionally, Oversight notes that Section 135.753.6 (1) allows up to an additional \$2 million in tax credits to be issued beyond the \$8 million cap in any given year. Therefore, the total tax credits issued in a given year could reach \$10 million. Conversely, the subsequent year shall be reduced by the amount of additional tax credits authorized (perhaps reducing the next year's cap down to \$6 million in issuances). Therefore, beginning with Fiscal Year 2025, the proposal authorizes up to \$24,000,000 (\$8M + \$8M + \$8M) in tax credits, annually.

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2024	FY 2025	FY 2026
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2024	FY 2025	FY 2026
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2024	FY 2025	FY 2026
General Revenue	1 FTE	2 FTE	2 FTE
Total Estimated Net Effect on FTE	1 FTE	2 FTE	2 FTE

- Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.
- Estimated Net Effect (savings or increased revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2024	FY 2025	FY 2026
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Section 135.750 Film Tax Credit

Officials from the **Office of Administration – Budget & Planning Division (B&P)** state this proposal reestablishes a tax credit for tax years beginning on or after January 1, 2023, equal to twenty percent of qualifying expenses by a production company in connection with a qualified motion media production project. This could be increased for the following reasons:

- An additional five percent may be earned for qualifying expenses if at least fifty percent of the qualified motion media production project is filmed in Missouri.
- An additional five percent may be earned for the qualifying expenses if at least fifteen percent of the qualified motion media production project that is filmed in Missouri takes place in a rural or blighted area in Missouri.
- An additional five percent may be earned for qualifying expenses if at least three departments of the qualified motion media production hire a Missouri resident ready to advance to the next level in a specialized craft position or learn a new skillset.
- An additional five percent may be earned for qualifying expenses if the DED determines that the script of the qualified motion media production project positively markets a city or region of the state, the entire state, or a tourist attraction located in the state, and the qualified motion media production provides no less than five high resolution photographs containing cast with the rights cleared for promotional use by the Missouri film commission, accompanied by a list with the title of production, location, names, and titles of the individuals shown in the photography and photographer credit.

The total dollar amount of tax credits authorized pursuant to subdivision (1) of 135.750.3 shall be increased by ten percent for qualified film production projects located in a county of the second, third, or fourth class.

A qualified motion media production project shall not be eligible for tax credits unless such project employs a number of Missouri registered apprentices or veterans residing in Missouri with transferable skills, as outlined in 135.750.4.

These credits may be sold, assigned, exchanged, conveyed, or otherwise transferred. There is a five year carry forward, provided all such credits shall be claimed within ten tax periods following the tax period in which the qualified motion media production or production-related activities for which the credits are certified by the department occurred.

The cap on the tax credits for all tax years beginning on or after January 1, 2023, is \$8,000,000 for film production and the total amount of all tax credits authorized for series production is \$8,000,000. This proposal could therefore lower general and total state revenues by \$16,000,000

per fiscal year, beginning in FY24. To the extent this proposal encourages other economic activity, general and total state revenue may increase, but B&P cannot estimate the induced revenues.

Officials from the **Missouri Department of Revenue (DOR)** assume this proposal modifies the Film Production tax credit program. It updates the definitions of "Qualified Motion Production Project".

This proposal states that for all tax years beginning on or after January 1, 2023, a taxpayer shall be allowed a tax credit equal to twenty percent (20%) of qualifying expenses. An additional fifteen percent (15%) may be earned if at least fifty percent of the qualified film production project is filmed in Missouri. Another five percent (5%) may be earned if the project is filmed in a rural or blighted area of Missouri. Another five percent (5%) can be earned if the production helps advance Missouri residents learn a new skillset. Finally another five percent (5%) may be earned if the Department of Economic Development determines the film positively markets a city or region of the state. This credit can be increased 10% for projects located in second, third or fourth class counties in Missouri.

This proposal states that this credit shall sunset on December 31, 2029, and further states that this section shall terminate on September first of the calendar year immediately following the calendar year in which the program is sunset. This proposal provides that a qualified motion media production shall not be eligible for the tax credit of this section unless it employs a sufficient number of Missouri registered apprentices or veterans residing in Missouri. The amount of people required to be employed scales based on the qualifying expenses of the production.

This proposed legislation changes the cap on the film credit from \$4.5 million to \$8 million annually for film production. Additionally, it adds another \$8 million credit for series production.

This could potentially decrease Total State Revenue, specifically to General Revenue, by an estimated \$16 million per year. DOR notes this proposal would become effective August 28, 2023 and therefore no credits could be issued until after that date. DOR notes this tax credit begins January 1, 2023, and therefore the first tax returns will be filed starting in January 2024.

FY	Decrease to GR
FY 2024	(\$16,000,000)
FY 2025	(\$16,000,000)
FY 2026	(\$16,000,000)

For informational purposes, the Department notes this Film Production tax credit program was created in 1998 and sunset in 2013. Its original cap was \$1.5 million which was increased to \$4.5

million in 2008. Below is information on the authorization, issuance and redemption of the credits over the last few years.

Year	Authorized	Issued	Total Redeemed
FY 2022	\$0.00	\$0.00	\$0.00
FY 2021	\$0.00	\$0.00	\$0.00
FY 2020	\$0.00	\$0.00	\$0.00
FY 2019	\$0.00	\$0.00	\$0.00
FY 2018	\$0.00	\$0.00	\$672.38
FY 2017	\$0.00	\$0.00	\$2,375,651
FY 2016	\$0.00	\$0.00	\$6,832.00
FY 2015	\$0.00	\$2,387,097	\$389,942
FY 2014	\$2,927,000	\$386,000	\$119,800
FY 2013	\$639,772	\$0.00	\$56,665
FY 2012	\$139,070	\$1,390,070	\$4,839,217
Totals	\$3,705,842.00	\$4,163,167.38	\$7,788,779.17

The Department would need to add these credits to the MO-TC form and to the individual income computer system as well as update their website with this credit. These items are estimated to cost \$7,193. Additionally, the DOR may need the following FTE should the number of redemptions justify the additional FTE.

- 1 FTE Associate Customer Service Representative (\$31,200) for every 6,000 credits redeemed
- 1 FTE Associate Customer Service Representative for every 4,000 tax credit transfers with CISCO phones and license.
- 1 FTE R Associate Customer Service Representative for every 7,600 errors/correspondence generated

Currently the Department believes they could handle the redemptions with existing staff due to the limited number of groups that may qualify for the credit. Should the number of returns they receive claiming the credit increase or multiple bills pass, they may need additional FTE to handle the processing of these returns. The Department assumes they would ask for that additional FTE during the regular appropriation process should the need be there based on the following redemptions. DOR needs FTE to process tax credits if the following number of items are received.

Oversight assumes, for purpose of this fiscal note, the Missouri Department of Revenue can absorb the responsibilities of the tax credit program with existing resources. Should a significant

increase in tax credit redemptions, tax credit transfers, and/or errors/correspondence occur, the Missouri Department of Revenue may seek additional FTE through the appropriation process.

Officials from the **Department of Economic Development (DED)** note:

The proposal, Section 135.750, RSMo creates the “Show MO Act”.

Section 135.750, RSMo creates the “Show MO Act”. The program will automatically sunset on 12/31/2029 unless reauthorized by an act of the general assembly.

Section 135.750.2 (1) Modifies the term and definition of "highly compensated individual" to "above-the-line individual"

Section 135.750.2 (2) Modifies the term and definition of "qualified film production project" to "qualified motion media production project," to include videos, video games, virtual reality, etc. and adds a requirement for projects to include a statement or logo designated by the department of economic development in the credits of the film indicating that the project was filmed in Missouri.

Section 135.750.2 (3)(b) Adds compensation and wages for above-the-line individuals to the list of qualified expenses, limited to 25% of overall qualifying expenses.

Section 135.750.3 Beginning 1/01/23 a taxpayer would be allowed a credit of 25% of qualifying expenses. An additional 5% may be earned if at least 50% of the project is filmed in MO. An additional 5% may be earned if at least 15% of the project is filmed in MO takes place in a rural or blighted area in MO. An additional 5% may be earned if at least 3 departments of the qualified motion media production hire a Missouri resident ready to advance to the next level in a specialized craft position or learn a new skillset. An additional 5% may be earned if DED determines that the script positively markets a city or region, the entire state, or a tourist attraction located in the state, and the qualified motion media production provides no less than five high resolution photographs containing cast with the rights cleared for promotional use by the Missouri film commission. Total amount of tax credits authorized shall be increased by 10% for projects located in a county of the second, third, or fourth class.

Section 135.750.4 Establishes requirements for project employment of a minimum number of Missouri registered apprentices or veterans residing in Missouri with transferable skills based on total qualifying expenses.

Section 135.750.5 Adds the requirement for submission of a report by a certified public accountant attesting to the submission of amounts in the final application as qualifying expenses.

Section 135.750.6 Establishes an annual program cap of \$8M in film production tax credits & an annual program cap \$8M in series production tax credits

Section 135.750.9 Defines the tax credits included in this section as a business recruitment tax credit and subject to the provisions of 135.800 to 135.830.

DED will need to hire 2.0 FTE to administer the program. Creating a new tax credit will likely reduce annual TSR by up to the annual cap on the program of \$16,000,000.

Oversight notes that DED authorized 3 projects on average per year (15 projects / 5 years) as seen in the “Film Tax Credit (Sunset November 28, 2013)” tables. Therefore, Oversight will assume the need for 1 FTE for DED (Economic Development Specialist at \$74,664 annually) in the fiscal note.

Oversight notes, per the Tax Credit Analyses submitted for Fiscal Year’s 2013 & 2014, the following number of certificates were issued each of the following fiscal years for the Film Tax Credit Program:

Fiscal Year	Number of Certificates Issued
2010	4
2011	5
2012	2
2013	0
2014	1

Oversight notes, per the Tax Credit Analyses from Fiscal Year(s) 2010 – 2014, the Film Tax Credit recognized the following activity as it was administered before it sunset November 28, 2013:

Film Tax Credit (Sunset November 28, 2013)					
Fiscal Year	2010	2011	2012	2013	2014
Certificates Issued (#)	4	5	2	0	1
Projects (#)	4	2	3	3	3
Amount Authorized	\$1,768,989	\$38,041	\$139,070	\$639,772	\$2,927,000
Amount Issued	\$5,181,512	\$1,807,030	\$139,070	\$0	\$386,000
Amount Redeemed	\$1,925,158	\$1,563,218	\$4,839,217	\$56,665	\$119,800

Oversight notes the five (5) year average amount of Film Tax Credit(s) issuances was \$1,502,722.

Oversight notes the tax credit program put forth under this proposed legislation would begin for all tax years beginning on or after January 1, 2023. Tax Year 2023 tax returns claiming the credit will not be filed until after January 1, 2024 (Fiscal Year 2024). Oversight notes the Film Production Companies Tax Credit (sunset in 2013) and the “Show Mo Act” are different; however, the previous program is the best estimate we have of future program usage.

Oversight notes this proposed legislation states that the tax credits certified shall not exceed a total of sixteen million dollars (\$16,000,000) per year.

Therefore, for purposes of this fiscal note, **Oversight** will report a revenue reduction to GR by an amount equal to “Up to \$1,502,722” (average amount of Film Tax Credit issued before sunset on November 28, 2013) to \$16,000,000 (tax credit cap) beginning in Fiscal Year 2024.

Oversight notes this fiscal note does not reflect any indirect positive fiscal benefits that would occur if companies utilized the program and made films or series in the state.

Section 135.753 Entertainment Industry Tax Credit

Officials from the **Office of Administration – Budget & Planning (OA-B&P)** note:

This proposal creates a tax credit for rehearsal expenses and tour expenses for all tax years beginning on or after January 1, 2024. The amount of the tax credit shall be equal to thirty percent of the taxpayer's base investment, subject to limitations as outlined in the proposal.

This credit is not refundable, can be carried forward to any of the taxpayer's five subsequent taxable years. These credits can be transferred or sold in whole or in part, provided that the tax credit is transferred or sold to another Missouri taxpayer. The amount of tax credits available for this program is \$8M. If the amount of tax credits applied for by taxpayers exceeds such amount, the DED may authorize additional tax credits in an amount not to exceed \$2M, provided that the maximum amount of tax credits that may be authorized during the subsequent fiscal year shall be reduced by the amount of additional tax credits authorized.

Therefore, this proposal could lower general revenues by an average of up to \$8M beginning in FY2025. However, in any given fiscal year, the amount could be up to or could exceed \$10M.

This provision could impact TSR and the calculation under Article X, Section 18(e).

Officials from the **Department of Revenue (DOR)** note:

There is a Section B that makes this bill effective July 1, 2024.

Section 135.753 Entertainment Industry Tax Credit

This proposal creates the Entertainment Industry Jobs Act which provides tax credits for businesses in the entertainment industry.

For all tax years beginning on or after January 1, 2024, a taxpayer shall be allowed a tax credit for rehearsal expenses and tour expenses incurred by the taxpayer. The amount of the tax credit is equal to thirty percent of the taxpayer's base investment. These tax credits are nonrefundable but may be carried forward to any of the taxpayer's five subsequent taxable years. These credits may be transferred or sold.

The Department notes the proposal becomes effective on July 1, 2024 (FY 2025). No credits could be issued until that date. The credits will first be reported on the tax returns filed starting January 1, 2025.

This proposal provides the method by which the taxpayer will apply with the department of economic development for the tax credit, and how this will be reported on the taxpayer's tax form. It further provides that any taxpayer claiming, transferring, or selling a credit under this section shall reimburse the department of revenue for any department-initiated audits relating to the tax credit. This shall not apply to routine tax audits of a taxpayer.

This proposal provides that the maximum amount of tax credits authorized under this section is eight million dollars (\$8,000,000) per fiscal year. If this amount is exceeded, the department of economic development may, at its own discretion, increase this amount by up to two million additional dollars. If it does this, the amount it was increased by must be subtracted from the amount of credits authorized in the subsequent year. There are limits on the amount any one individual can receive in tax credits.

Fiscal Year	Loss to General Revenue
FY 2024	\$0
FY 2025	(\$8,000,000)
FY 2026	(\$8,000,000)

This would be a new income tax credit and it would need to be added to the MO-TC form, and information about the credit would need to be added to their website. Plus their individual income tax system would need to have the credit added to it. DOR notes the costs to update these items is \$7,193.

Since the maximum amount of tax credits a taxpayer can receive in a year is \$3 million, DOR believes they can handle the redemption of these credits with existing resources. Should the number of additional redemptions from this proposal and any others that pass, exceed 6,000 they would need one Associate Customer Service Representative (\$31,200). Should the number of redemptions justice additional FTE they will request that FTE through the appropriation process.

Oversight assumes, for purpose of this fiscal note, the Missouri Department of Revenue can absorb the responsibilities of the tax credit program with existing resources. Should a significant increase in tax credit redemptions, tax credit transfers, and/or errors/correspondence occur, the Missouri Department of Revenue may seek additional FTE through the appropriation process.

Officials from the **Department of Economic Development (DED)** note:

Section 135.753 creates the “Entertainment Industry Jobs Act”. Allows a tax credit for rehearsal expenses and tour expenses equal to 30% of the base investment. Base investment is defined as the aggregate funds actually invested and expended by a MO taxpayer as a rehearsal expense or tour expense.

The total amount of tax credits that may be authorized shall not exceed \$8M per fiscal year. DED, at its discretion may authorize additional tax credits up to \$2M per fiscal year; however, the amount of tax credits that may be authorized during the subsequent fiscal year shall be reduced by the amount of additional tax credits DED authorizes.

The program will automatically sunset on 12/31/2030 unless reauthorized.

DED will need to hire 1.0 FTE to administer the act.

Oversight notes section B authorizes the program as of January 1st 2024.

Oversight notes that no credits could be issued until January 1, 2024. The tax credit will first be reported on the tax returns filed starting January 1, 2025. Therefore, **Oversight** will reflect 1 FTE (Senior Economic Development Specialist at \$62,220 annually plus a Fringe Benefits and E&E beginning FY 2025 in the fiscal note.

Officials from the **Department of Commerce and Insurance (DCI)** assume this proposal has a potential in an unknown decrease of premium tax revenues up to the tax credit limit established in the bill in FY2025 and FY2026, as a result of the creation of the Entertainment Industry Jobs Act tax credit. Premium tax revenue is split 50/50 between General Revenue and County Foreign Insurance Fund except for domestic Stock Property and Casualty Companies who pay premium tax to the County Stock Fund. The County Foreign Insurance Fund is later distributed to school districts throughout the state. County Stock Funds are later distributed to the school district and county treasurer of the county in which the principal office of the insurer is located. It is unknown how each of these funds may be impacted by tax credits each year and which insurers will qualify for the new tax credit.

The department will require minimal contract computer programming to add this new tax credit to the premium tax database and can do so under existing appropriation. However, should multiple bills pass that would require additional updates to the premium tax database, the department may need to request more expense and equipment appropriation through the budget process.

Oversight notes the officials from the DCI assumed the proposal will have no administrative impact on their organization. **Oversight** assumes DCI is provided with core funding to handle a certain amount of activity each year. Oversight assumes DCI could absorb the costs related to this proposal. If multiple bills pass which require additional staffing and duties at substantial costs, DCI could request funding through the appropriation process. Therefore, **Oversight** will reflect a zero impact in the fiscal note for DCI.

Officials from the **City of Kansas City** and **City of Springfield** both assume the proposal will have no fiscal impact on their respective organizations. **Oversight** does not have any information to the contrary. Therefore, **Oversight** will reflect a zero impact in the fiscal note for these cities.

Rule Promulgation

Officials from the **Joint Committee on Administrative Rules** assume this proposal is not anticipated to cause a fiscal impact beyond its current appropriation.

Officials from the **Office of the Secretary of State (SOS)** note many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to the SOS for Administrative Rules is less than \$5,000. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, the SOS also recognizes that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what the office can sustain with its core budget. Therefore, the SOS reserves the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

<u>FISCAL IMPACT – State Government</u>	FY 2024 (10 Mo.)	FY 2025	FY 2026
GENERAL REVENUE FUND			
Revenue Reduction- Section 135.750 - Tax Credit for expenses for Film Production (\$8M) and Series Production (\$8M) projects (p. 3-6)	Up to (\$1,502,772) to (\$16,000,000)	Up to (\$1,502,772) to (\$16,00,000)	Up to (\$1,502,772) to (\$16,00,000)
<u>Cost</u> – DED – Section 135.750 (p.7)			
Salary	(\$62,220)	(\$76,157)	(\$77,680)
Fringe Benefits	(\$36,265)	(\$44,076)	(\$44,646)
Equipment & Expense	(\$14,299)	(\$4,4554)	(\$4,543)
Total Cost – DED	(\$112,784)	(\$124,688)	(\$126,870)
FTE Change – DED	1 FTE	1 FTE	1 FTE
Revenue Reduction- Section 135.753 - Tax Credit For Expenses For Entertainment Industry (p. 10)	\$0	Up to (\$8,000,000)	Up to (\$8,000,000)
<u>Cost</u> – DED – Section 135.753 FTE to administer the Entertainment Industry Jobs Act (p. 5)			
Salary	\$0	(\$76,157)	(\$77,680)
Fringe Benefits	\$0	(\$44,076)	(\$44,646)
Equipment & Expense	\$0	(\$15,114)	(\$4,543)
Total Cost – DED	\$0	(\$135,347)	(\$126,869)
FTE Change – DED	0 FTE	1 FTE	1 FTE
ESTIMATED NET EFFECT ON GENERAL REVENUE	<u>(\$1,615,556) to Up to (\$16,112,784)</u>	<u>(\$9,762,752) to Up to (\$24,260,035)</u>	<u>(\$9,756,461) to Up to (\$24,253,739)</u>
Estimated Net FTE Change on General Revenue	1 FTE	2 FTE	2 FTE

<u>FISCAL IMPACT – Local Government</u>	FY 2024 (10 Mo.)	FY 2025	FY 2026
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT – Small Business

This proposed legislation could impact small business that benefit from film production or series production in Missouri.

FISCAL DESCRIPTION

SHOW MO ACT

This act creates the "Show MO Act".

This act reauthorizes a tax credit for certain expenses related to the production of qualified motion media production projects in this state, as defined in the act. Tax credits for such expenses under previous law expired on November 28, 2013.

For all tax years beginning on or after January 1, 2023, this act authorizes a tax credit equal to 20% of qualifying expenses, as defined in the act, associated with the production of a qualified motion media production project. An additional 5% may be awarded for each of the following conditions if they are met: 1) at least 50% of the qualified film production project is filmed in Missouri; 2) at least 15% of the project takes place in a rural or blighted area; 3) at least three departments of the production hire a Missouri resident ready to advance to the next level in a specialized craft position or learn a new skillset; 4) the Department of Economic Development determines that the script for such project positively markets a city or region of the state, the entire state, or a tourist attraction located in the state, and the production provides certain advertising materials, as described in the act. The total dollar amount of tax credits awarded to a qualified film production project may be increased by ten percent if such project is located in a county of the second, third, or fourth class.

This provision shall sunset on December 31, 2029, unless reauthorized by the General Assembly.

ENTERTAINMENT INDUSTRY JOBS ACT

This act establishes the "Entertainment Industry Jobs Act".

For all tax years beginning on or after January 1, 2024, this act authorizes a taxpayer to claim a tax credit for rehearsal expenses and tour expenses, as such terms are defined in the act, for live entertainment tours and associated rehearsals conducted within the state. The tax credit shall be equal to 30% of such expenses, provided that no taxpayer shall receive a tax credit in excess of

\$1 million if such taxpayer's expenses are less than \$4 million; and further provided that no taxpayer shall receive a tax credit in excess of \$2 million if such taxpayer's expenses are more than \$4 million but less than \$8 million; and further provided that no taxpayer shall receive a tax credit in excess of \$3 million if such taxpayer's expenses are at least \$8 million.

Tax credits issued under this act shall not be refundable, but may be carried forward to the taxpayer's five subsequent tax years. Unredeemed tax credits shall expire after the fifth tax year following the initial date of issuance, regardless of whether unredeemed tax credits are transferred or sold pursuant to the act.

Tax credits may be transferred or sold, provided that the tax credit is transferred or sold to another Missouri taxpayer. A taxpayer shall submit information to the Department of Economic Development and the Department of Revenue relating to the identity of a transferee and the amount of tax credits being transferred or sold, as described in the act. A transferee shall not subsequently transfer or sell any tax credit acquired from a transferor, and tax credits shall not be transferred or sold for less than 60% of the value of such tax credits.

The aggregate amount of tax credits that may be authorized under the act in a given fiscal year shall not exceed \$8 million. If applications for tax credits exceed such amount, the Department of Economic Development may, at its discretion, authorize additional tax credits not to exceed \$2 million, provided that the maximum amount of tax credits that may be authorized during the subsequent fiscal year shall be reduced by such amount.

This act shall sunset on December 31, 2030, unless reauthorized by the General Assembly. Notwithstanding the sunset provision, this act shall expire ninety days after the Department determines that all other political subdivisions having a tax credit substantially similar to this act let such tax credits lapse or expire.

This provision shall become effective January 1, 2024.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

L.R. No. 0360S.02C

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SOURCES OF INFORMATION

Department of Revenue

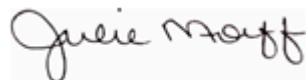
Department of Economic Development

Office of Administration – Budget & Planning

Department of Commerce and Insurance

Office of the Secretary of State

Joint Committee on Administrative Rules



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February 13, 2023



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February 13, 2023