

SENATE SUBSTITUTE
FOR
SENATE COMMITTEE SUBSTITUTE
FOR
HOUSE BILL NO. 948
AN ACT

To repeal sections 135.305, 135.686, 135.750, and 348.436, RSMo, and to enact in lieu thereof thirteen new sections relating to tax credits.

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

Section A. Sections 135.305, 135.686, 135.750, and
2 348.436, RSMo, are repealed and thirteen new sections enacted
3 in lieu thereof, to be known as sections 135.305, 135.686,
4 135.750, 135.755, 135.775, 348.436, 620.3500, 620.3505,
5 620.3510, 620.3515, 620.3520, 620.3525, and 620.3530, to read
6 as follows:

135.305. A Missouri wood energy producer shall be
2 eligible for a tax credit on taxes otherwise due under
3 chapter 143, except sections 143.191 to 143.261, as a
4 production incentive to produce processed wood products in a
5 qualified wood-producing facility using Missouri forest
6 product residue. The tax credit to the wood energy producer
7 shall be five dollars per ton of processed material. The
8 credit may be claimed for a period of five years and is to
9 be a tax credit against the tax otherwise due. No new tax
10 credits, provided for under sections 135.300 to 135.311,
11 shall be authorized after June 30, ~~[2020]~~ 2027. In no event
12 shall the aggregate amount of all tax credits allowed under
13 sections 135.300 to 135.311 exceed six million dollars in
14 any given fiscal year. There shall be no tax credits
15 authorized under sections 135.300 to 135.311 unless an
16 appropriation is made for such tax credits.

135.686. 1. This section shall be known and may be cited as the "Meat Processing Facility Investment Tax Credit Act".

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

(1) "Authority", the agricultural and small business development authority established in chapter 348;

(2) "Meat processing facility", any commercial plant, as defined under section 265.300, at which livestock are slaughtered or at which meat or meat products are processed for sale commercially and for human consumption;

(3) "Meat processing modernization or expansion", constructing, improving, or acquiring buildings or facilities, or acquiring equipment for meat processing including the following, if used exclusively for meat processing and if acquired and placed in service in this state during tax years beginning on or after January 1, 2017, but ending on or before December 31, [2021] 2027:

(a) Building construction including livestock handling, product intake, storage, and warehouse facilities;

(b) Building additions;

(c) Upgrades to utilities including water, electric, heat, refrigeration, freezing, and waste facilities;

(d) Livestock intake and storage equipment;

(e) Processing and manufacturing equipment including cutting equipment, mixers, grinders, sausage stuffers, meat smokers, curing equipment, cooking equipment, pipes, motors, pumps, and valves;

(f) Packaging and handling equipment including sealing, bagging, boxing, labeling, conveying, and product movement equipment;

(g) Warehouse equipment including storage and curing racks;

33 (h) Waste treatment and waste management equipment
34 including tanks, blowers, separators, dryers, digesters, and
35 equipment that uses waste to produce energy, fuel, or
36 industrial products;

37 (i) Computer software and hardware used for managing
38 the claimant's meat processing operation including software
39 and hardware related to logistics, inventory management,
40 production plant controls, and temperature monitoring
41 controls; and

42 (j) Construction or expansion of retail facilities or
43 the purchase or upgrade of retail equipment for the
44 commercial sale of meat products if the retail facility is
45 located at the same location as the meat processing facility;

46 (4) "Tax credit", a credit against the tax otherwise
47 due under chapter 143, excluding withholding tax imposed
48 under sections 143.191 to 143.265, or otherwise due under
49 chapter 147;

50 (5) "Taxpayer", any individual or entity who:

51 (a) Is subject to the tax imposed under chapter 143,
52 excluding withholding tax imposed under sections 143.191 to
53 143.265, or the tax imposed under chapter 147;

54 (b) In the case of an individual, is a resident of
55 this state as verified by a 911 address or, in the absence
56 of a 911 system, a physical address; and

57 (c) Owns a meat processing facility located in this
58 state;

59 (6) "Used exclusively", used to the exclusion of all
60 other uses except for use not exceeding five percent of
61 total use.

62 3. For all tax years beginning on or after January 1,
63 2017, but ending on or before December 31, ~~2021~~ 2027, a
64 taxpayer shall be allowed a tax credit for meat processing
65 modernization or expansion related to the taxpayer's meat

66 processing facility. The tax credit amount shall be equal
67 to twenty-five percent of the amount the taxpayer paid in
68 the tax year for meat processing modernization or expansion.

69 4. The amount of the tax credit claimed shall not
70 exceed the amount of the taxpayer's state tax liability for
71 the tax year for which the credit is claimed. No tax credit
72 claimed under this section shall be refundable. The tax
73 credit shall be claimed in the tax year in which the meat
74 processing modernization or expansion expenses were paid,
75 but any amount of credit that the taxpayer is prohibited by
76 this section from claiming in a tax year may be carried
77 forward to any of the taxpayer's four subsequent tax years.
78 The total amount of tax credits that any taxpayer may claim
79 shall not exceed seventy-five thousand dollars per year. If
80 two or more persons own and operate the meat processing
81 facility, each person may claim a credit under this section
82 in proportion to his or her ownership interest; except that,
83 the aggregate amount of the credits claimed by all persons
84 who own and operate the meat processing facility shall not
85 exceed seventy-five thousand dollars per year. The amount
86 of tax credits authorized in this section and section
87 135.679 in a calendar year shall not exceed two million
88 dollars. Tax credits shall be issued on an as-received
89 application basis until the calendar year limit is reached.
90 Any credits not issued in any calendar year shall expire and
91 shall not be issued in any subsequent year.

92 5. To claim the tax credit allowed under this section,
93 the taxpayer shall submit to the authority an application
94 for the tax credit on a form provided by the authority and
95 any application fee imposed by the authority. The
96 application shall be filed with the authority at the end of
97 each calendar year in which a meat processing modernization
98 or expansion project was completed and for which a tax

99 credit is claimed under this section. The application shall
100 include any certified documentation, proof of meat
101 processing modernization or expansion, and any other
102 information required by the authority. All required
103 information obtained by the authority shall be confidential
104 and not disclosed except by court order, subpoena, or as
105 otherwise provided by law. If the taxpayer and the meat
106 processing modernization or expansion meet all criteria
107 required by this section and approval is granted by the
108 authority, the authority shall issue a tax credit
109 certificate in the appropriate amount. Tax credit
110 certificates issued under this section may be assigned,
111 transferred, sold, or otherwise conveyed, and the new owner
112 of the tax credit certificate shall have the same rights in
113 the tax credit as the original taxpayer. If a tax credit
114 certificate is assigned, transferred, sold, or otherwise
115 conveyed, a notarized endorsement shall be filed with the
116 authority specifying the name and address of the new owner
117 of the tax credit certificate and the value of the tax
118 credit.

119 6. Any information provided under this section shall
120 be confidential information, to be shared with no one except
121 state and federal animal health officials, except as
122 provided in subsection 5 of this section.

123 7. The authority shall promulgate rules establishing a
124 process for verifying that a facility's modernization or
125 expansion for which tax credits were allowed under this
126 section has in fact expanded the facility's production
127 within three years of the issuance of the tax credit and if
128 not, the authority shall promulgate through rulemaking a
129 process by which the taxpayer shall repay the authority an
130 amount equal to that of the tax credit allowed.

131 8. The authority shall, at least annually, submit a
132 report to the Missouri general assembly reviewing the costs
133 and benefits of the program established under this section.

134 9. The authority may promulgate rules to implement the
135 provisions of this section. Any rule or portion of a rule,
136 as that term is defined in section 536.010, that is created
137 under the authority delegated in this section shall become
138 effective only if it complies with and is subject to all of
139 the provisions of chapter 536 and, if applicable, section
140 536.028. This section and chapter 536 are nonseverable and
141 if any of the powers vested with the general assembly
142 pursuant to chapter 536 to review, to delay the effective
143 date, or to disapprove and annul a rule are subsequently
144 held unconstitutional, then the grant of rulemaking
145 authority and any rule proposed or adopted after August 28,
146 2016, shall be invalid and void.

147 10. This section shall not be subject to the Missouri
148 sunset act, sections 23.250 to 23.298.

135.750. 1. This act shall be referred to as the
2 "Show Missouri Film and Digital Media Act".

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

4 (1) "Highly compensated individual", any individual
5 who receives compensation in excess of [one million] two
6 hundred fifty thousand dollars in connection with a single
7 qualified film production project;

8 (2) "Qualified film production project", any film,
9 video, commercial, or television production, as approved by
10 the department of economic development and the office of the
11 Missouri film commission, that features a statement or logo
12 designated by the department of economic development in the
13 credits of the film indicating that the project was filmed
14 in Missouri and that is under thirty minutes in length with
15 an expected in-state expenditure budget in excess of fifty

16 thousand dollars[,] or [that] is over thirty minutes in
17 length with an expected in-state expenditure budget in
18 excess of one hundred thousand dollars. Regardless of the
19 production costs, "qualified film production project" shall
20 not include any:

- 21 (a) News or current events programming;
- 22 (b) Talk show;
- 23 (c) Production produced primarily for industrial,
24 corporate, or institutional purposes, and for internal use;
- 25 (d) Sports event or sports program;
- 26 (e) Gala presentation or awards show;
- 27 (f) Infomercial or any production that directly
28 solicits funds;
- 29 (g) Political ad;
- 30 (h) Production that is considered obscene, as defined
31 in section 573.010;

32 (3) "Qualifying in-state expenses", the sum of the
33 total amount spent in this state for the following by a
34 production company in connection with a qualified film
35 production project:

36 (a) Goods and services leased or purchased by the
37 production company. For goods with a purchase price of
38 twenty-five thousand dollars or more, the amount included in
39 qualifying in-state expenses shall be the purchase price
40 less the fair market value of the goods at the time the
41 production is completed;

42 (b) Compensation and wages paid by the production
43 company to Missouri residents on which the production
44 company remitted withholding payments to the department of
45 revenue under chapter 143. For purposes of this section,
46 compensation and wages shall not include any amounts paid to
47 a highly compensated individual;

48 (4) "Qualifying out-of-state expenses", the sum of all
49 compensation and wages paid by the production company to non-
50 Missouri residents on which the production company remitted
51 withholding payments to the department of revenue under
52 chapter 143. For purposes of this section, compensation and
53 wages shall not include any amounts paid to a highly
54 compensated individual;

55 (5) "Tax credit", a credit against the tax otherwise
56 due under chapter 143, excluding withholding tax imposed by
57 sections 143.191 to 143.265, or otherwise due under chapter
58 148;

59 [5] (6) "Taxpayer", any individual, partnership, or
60 corporation as described in section 143.441, 143.471, or
61 section 148.370 that is subject to the tax imposed in
62 chapter 143, excluding withholding tax imposed by sections
63 143.191 to 143.265, or the tax imposed in chapter 148 or any
64 charitable organization which is exempt from federal income
65 tax and whose Missouri unrelated business taxable income, if
66 any, would be subject to the state income tax imposed under
67 chapter 143.

68 [2.] 3. (1) For all [taxable] tax years beginning on
69 or after January 1, 1999, but ending on or before December
70 31, 2007, a taxpayer shall be granted a tax credit for up to
71 fifty percent of the amount of investment in production or
72 production-related activities in any film production project
73 with an expected in-state expenditure budget in excess of
74 three hundred thousand dollars.

75 (2) For all [taxable] tax years beginning on or after
76 January 1, 2008, but ending on or before November 28, 2013,
77 a taxpayer shall be allowed a tax credit for up to thirty-
78 five percent of the amount of qualifying expenses in a
79 qualified film production project.

80 (3) (a) For all tax years beginning on or after
81 January 1, 2021, a taxpayer shall be allowed a tax credit
82 equal to twenty-five percent of qualifying in-state expenses
83 and ten percent of qualifying out-of-state expenses. An
84 additional five percent may be earned for both qualifying in-
85 state expenses and qualifying out-of-state expenses if at
86 least fifty percent of the qualified film production project
87 is filmed in Missouri. An additional five percent may be
88 earned for both qualifying in-state expenses and qualifying
89 out-of-state expenses if the department of economic
90 development determines that the script of the qualified film
91 production project positively markets a city or region of
92 the state, the entire state, or a tourist attraction located
93 in the state.

94 (b) The total dollar amount of tax credits authorized
95 pursuant to paragraph (a) of this subsection shall be
96 increased by ten percent for qualified film production
97 projects located in a county of the second, third, or fourth
98 class.

99 (c) Each film production company shall be limited to
100 one qualified film production project per year. Activities
101 qualifying a taxpayer for the tax credit pursuant to this
102 subsection shall be approved by the office of the Missouri
103 film commission and the department of economic development.

104 [3.] 4. Taxpayers shall apply for the film production
105 tax credit by submitting an application to the department of
106 economic development, on a form provided by the department.
107 As part of the application, the expected in-state
108 expenditures of the qualified film production project shall
109 be documented. In addition, the application shall include
110 an economic impact statement, showing the economic impact
111 from the activities of the film production project. Such
112 economic impact statement shall indicate the impact on the

113 region of the state in which the film production or
114 production-related activities are located and on the state
115 as a whole.

116 [4.] 5. For all [taxable] tax years ending on or
117 before December 31, 2007, tax credits certified pursuant to
118 subsection [2] 3 of this section shall not exceed one
119 million dollars per taxpayer per year, and shall not exceed
120 a total for all tax credits certified of one million five
121 hundred thousand dollars per year. For all [taxable] tax
122 years beginning on or after January 1, 2008, tax credits
123 certified under subsection 1 of this section shall not
124 exceed a total for all tax credits certified of four million
125 five hundred thousand dollars per year. Taxpayers may carry
126 forward unused credits for up to five tax periods, provided
127 all such credits shall be claimed within ten tax periods
128 following the tax period in which the film production or
129 production-related activities for which the credits are
130 certified by the department occurred.

131 [5.] 6. Notwithstanding any provision of law to the
132 contrary, any taxpayer may sell, assign, exchange, convey or
133 otherwise transfer tax credits allowed in subsection [2] 3
134 of this section. The taxpayer acquiring the tax credits may
135 use the acquired credits to offset the tax liabilities
136 otherwise imposed by chapter 143, excluding withholding tax
137 imposed by sections 143.191 to 143.265, or chapter 148.
138 Unused acquired credits may be carried forward for up to
139 five tax periods, provided all such credits shall be claimed
140 within ten tax periods following the tax period in which the
141 film production or production-related activities for which
142 the credits are certified by the department occurred.

143 [6.] 7. Under section 23.253 of the Missouri sunset
144 act:

145 (1) The provisions of the [new] program authorized
146 under this section shall automatically sunset [six years
147 after November 28, 2007] on December 31, 2027, unless
148 reauthorized by an act of the general assembly; and

149 (2) If such program is reauthorized, the program
150 authorized under this section shall automatically sunset on
151 December thirty-first, twelve years after the effective date
152 of the reauthorization of this section; and

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

135.755. 1. For the purposes of this section, the
2 following terms shall mean:

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

4 (2) "Higher ethanol blend", a fuel capable of being
5 dispensed directly into motor vehicle fuel tanks for
6 consumption that is comprised of at least fifteen percent
7 but not more than eighty-five percent ethanol;

8 (3) "Retail dealer", a person that owns or operates a
9 retail service station;

10 (4) "Retail service station", a location from which
11 higher ethanol blend is sold to the general public and is
12 dispensed directly into motor vehicle fuel tanks for
13 consumption.

14 2. For all tax years beginning on or after January 1,
15 2022, a retail dealer that sells higher ethanol blend at
16 such retail dealer's retail service station shall be allowed
17 a tax credit to be taken against the retail dealer's state
18 income tax liability. The amount of the credit shall equal
19 five cents per gallon of higher ethanol blend sold by the
20 retail dealer and dispensed through metered pumps at the
21 retail dealer's retail service station during the tax year
22 in which the tax credit is claimed. Tax credits authorized

23 pursuant to this section shall not be transferred, sold, or
24 assigned. If the amount of the tax credit exceeds the
25 taxpayer's state tax liability, the difference shall not be
26 refundable, but may be carried forward to any of the five
27 subsequent tax years. The total amount of tax credits
28 authorized pursuant to this section for any given fiscal
29 year shall not exceed four million dollars.

30 3. The tax credit allowed by this section shall be
31 claimed by such taxpayer at the time such taxpayer files a
32 return and shall be applied against the income tax liability
33 imposed by chapter 143 after reduction for all other credits
34 allowed thereon. The department may require any
35 documentation it deems necessary to implement the provisions
36 of this section.

37 4. Nothing in this section shall be construed to
38 mandate the sale of higher ethanol blends in Missouri.

39 5. The department shall promulgate rules to implement
40 the provisions of this section. Any rule or portion of a
41 rule, as that term is defined in section 536.010, that is
42 created under the authority delegated in this section shall
43 become effective only if it complies with and is subject to
44 all of the provisions of chapter 536 and, if applicable,
45 section 536.028. This section and chapter 536 are
46 nonseverable and if any of the powers vested with the
47 general assembly pursuant to chapter 536 to review, to delay
48 the effective date, or to disapprove and annul a rule are
49 subsequently held unconstitutional, then the grant of
50 rulemaking authority and any rule proposed or adopted after
51 August 28, 2021, shall be invalid and void.

52 6. Pursuant to section 23.253 of the Missouri sunset
53 act:

54 (1) The provisions of this section shall automatically
55 sunset on December 31, 2027, unless reauthorized by an act
56 of the general assembly; and

57 (2) If such program is reauthorized, the program
58 authorized under this section shall automatically sunset
59 twelve years after the effective date of the reauthorization
60 of this section; and

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

135.775. 1. For the purposes of this section, the
2 following terms shall mean:

3 (1) "Biodiesel blend", a blend of diesel fuel and
4 biodiesel fuel between five percent and twenty percent for
5 on-road and off-road diesel-fueled vehicle use. Biodiesel
6 blend shall comply with the ASTM International specification
7 D7467-19, or the most recent specifications;

8 (2) "Biodiesel fuel", a renewable, biodegradable, mono
9 alkyl ester combustible liquid fuel that is derived from
10 agricultural and other plant oils or animal fats and that
11 meets the ASTM International specification D6751-19, or the
12 most recent specification, for Biodiesel Fuel (B100) or
13 (B99) Blend Stock for Distillate Fuels. Biodiesel produced
14 from palm oil is not biodiesel fuel for the purposes of this
15 section, unless the palm oil is contained within waste oil
16 and grease collected within the United States;

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

18 (4) "Retail dealer", a person that owns or operates a
19 retail service station;

20 (5) "Retail service station", a location from which
21 biodiesel blend is sold to the general public and is
22 dispensed directly into motor vehicle fuel tanks for
23 consumption.

24 2. For all tax years beginning on or after January 1,
25 2022, a retail dealer that sells a biodiesel blend at a
26 retail service station shall be allowed a tax credit to be
27 taken against the retail dealer's state income tax
28 liability. The amount of the tax credit shall be as follows:

29 (1) Two cents per gallon of biodiesel blend of at
30 least five percent but not more than ten percent sold by a
31 retail dealer at a retail service station during the tax
32 year for which the tax credit is claimed; or

33 (2) Five cents per gallon of biodiesel blend in excess
34 of ten percent sold by a retail dealer at a retail service
35 station during the tax year for which the tax credit is
36 claimed.

37 Tax credits authorized pursuant to this section shall not be
38 transferred, sold, or assigned. If the amount of the tax
39 credit exceeds the taxpayer's state tax liability, the
40 difference shall be refundable. The total amount of tax
41 credits authorized pursuant to this section for any given
42 fiscal year shall not exceed sixteen million dollars.

43 3. In the event the total amount of tax credits
44 claimed under this section exceeds the amount of available
45 tax credits, the tax credits shall be apportioned equally to
46 all eligible retail dealers claiming the credit by April
47 fifteenth of the fiscal year in which the tax credit is
48 claimed.

49 4. The tax credit allowed by this section shall be
50 claimed by such taxpayer at the time such taxpayer files a
51 return and shall be applied against the income tax liability
52 imposed by chapter 143 after reduction for all other credits
53 allowed thereon. The department may require any
54 documentation it deems necessary to implement the provisions
55 of this section.

56 5. The department may work with the division of
57 weights and measures within the department of agriculture to
58 validate that the biodiesel blend a retail dealer claims for
59 the tax credit authorized under this section contains a
60 sufficient percentage of biodiesel fuel.

61 6. The department shall promulgate rules to implement
62 the provisions of this section. Any rule or portion of a
63 rule, as that term is defined in section 536.010, that is
64 created under the authority delegated in this section shall
65 become effective only if it complies with and is subject to
66 all of the provisions of chapter 536 and, if applicable,
67 section 536.028. This section and chapter 536 are
68 nonseverable and if any of the powers vested with the
69 general assembly pursuant to chapter 536 to review, to delay
70 the effective date, or to disapprove and annul a rule are
71 subsequently held unconstitutional, then the grant of
72 rulemaking authority and any rule proposed or adopted after
73 August 28, 2021, shall be invalid and void.

74 7. Nothing in this section shall be construed to
75 mandate the sale of biodiesel blends in Missouri.

76 8. Pursuant to section 23.253 of the Missouri sunset
77 act:

78 (1) The provisions of this section shall automatically
79 sunset on December 31, 2027, unless reauthorized by an act
80 of the general assembly; and

81 (2) If such program is reauthorized, the program
82 authorized under this section shall automatically sunset
83 twelve years after the effective date of the reauthorization
84 of this section; and

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

348.436. The provisions of sections 348.430 to 348.436
2 shall expire December 31, ~~[2021]~~ 2027.

620.3500. Sections 620.3500 to 620.3530 shall be known
2 and may be cited as the "Missouri Rural Workforce
3 Development Act".

620.3505. As used in sections 620.3500 to 620.3530,
2 the following terms shall mean:

3 (1) "Affiliate", an entity that directly, or
4 indirectly through one or more intermediaries, controls, or
5 is controlled by, or is under common control with another
6 entity. An entity is controlled by another entity if the
7 controlling entity holds, directly or indirectly, the
8 majority voting or ownership interest in the controlled
9 entity or has control over day-to-day operations of the
10 controlled entity by contract or by law;

11 (2) "Agribusiness", a business that produces or
12 provides any goods or services produced in this state and
13 that are normally used by farmers, ranchers, or producers
14 and harvesters of aquatic products in their business
15 operations, or to improve the welfare or livelihood of such
16 persons, or is involved in the processing and marketing of
17 agricultural products, farm supplies, and input suppliers,
18 or is engaged in agribusiness as defined by the United
19 States Department of Agriculture, or is engaged in
20 manufacturing, health care, technology, transportation, or
21 related services, or if not engaged in such industries, the
22 department determines that such investment will be
23 beneficial to the rural area and the economic growth of the
24 state;

25 (3) "Applicable percentage", zero percent for the
26 first two credit allowance dates, and fifteen percent for
27 the next four credit allowance dates;

28 (4) "Capital investment", any equity investment in a
29 rural fund by a rural investor which:

30 (a) Is acquired after the effective date of sections
31 620.3500 to 620.3530 at its original issuance solely in
32 exchange for cash;

33 (b) Has one hundred percent of its cash purchase price
34 used by the rural fund to make qualified investments in
35 eligible businesses located in this state by the third
36 anniversary of the initial credit allowance date; and

37 (c) Is designated by the rural fund as a capital
38 investment under sections 620.3500 to 620.3530 and is
39 certified by the department under the provisions of section
40 620.3510. This shall include any capital investment that
41 does not meet the provisions of subdivision (1) of
42 subsection 1 of section 620.3510 if such investment was a
43 capital investment in the hands of a prior holder;

44 (5) "Credit allowance date", the date on which the
45 department certifies a rural fund's capital investment and
46 each of the five anniversary dates of such date thereafter;

47 (6) "Department", the Missouri department of economic
48 development;

49 (7) "Eligible business", a business that, at the time
50 of the initial qualified investment in the business:

51 (a) Has fewer than two hundred fifty employees; and

52 (b) Has its principal business operations in this
53 state.

54 Any business which is classified as an eligible business at
55 the time of the initial investment in such business by a
56 rural fund shall remain classified as an eligible business
57 and may receive follow-on investments from any rural fund,
58 and such follow-on investments shall be qualified
59 investments even though such business may not meet the

60 definition of an eligible business at the time of such
61 follow-on investments;

62 (8) "Principal business operations", the location
63 where at least sixty percent of a business's employees work
64 or where employees who are paid at least sixty percent of
65 such business's payroll work. A business that has agreed to
66 relocate employees using the proceeds of a qualified
67 investment to establish its principal business operations in
68 a new location shall be deemed to have its principal
69 business operations in such new location if it satisfied the
70 requirements of this subdivision no later than one hundred
71 eighty days after receiving a qualified investment;

72 (9) "Purchase price", the amount paid to the rural
73 fund that issues a capital investment which shall not exceed
74 the amount of capital investment authority certified under
75 the provisions of section 620.3510;

76 (10) "Qualified investment", any investment in an
77 eligible business or any loan to an eligible business with a
78 stated maturity date of at least one year after the date of
79 issuance, excluding revolving lines of credit and senior
80 secured debt unless the chief executive or similar officer
81 of the eligible business certifies that the eligible
82 business sought and was denied similar financing from a
83 depository institution, by a rural fund; provided that, with
84 respect to any one eligible business, the maximum amount of
85 investments made in such business by one or more rural
86 funds, on a collective basis with all of the businesses'
87 affiliates, with the proceeds of capital investments shall
88 be the greater of twenty percent of the rural fund's capital
89 investment authority or six million five hundred thousand
90 dollars, exclusive of investments made with repaid or
91 redeemed investments or interest or profits realized thereon;

92 (11) "Rural area", any county of this state that has a
93 population of less than ninety thousand according to the
94 2010 decennial census of the United States;

95 (12) "Rural fund", an entity certified by the
96 department under the provisions of section 620.3510;

97 (13) "Rural investor", an entity that makes a capital
98 investment in a rural fund;

99 (14) "Senior secured debt", any loan that is secured
100 by a first mortgage on real estate with a loan to value
101 ratio of less than eighty percent;

102 (15) "State tax liability", any liability incurred by
103 any entity subject to the state income tax imposed under
104 chapter 143, excluding withholding tax imposed under
105 sections 143.191 to 143.265, or an insurance company paying
106 an annual tax on its gross premium receipts, including
107 retaliatory tax, or other financial institution paying taxes
108 to the state or any political subdivision of the state under
109 the provisions of chapter 148, or an express company which
110 pays an annual tax on its gross receipts in this state.

620.3510. 1. A rural fund that seeks to have an
2 equity investment certified as a capital investment eligible
3 for credits authorized under the provisions of sections
4 620.3500 to 620.3530 shall apply to the department. The
5 department shall begin accepting applications within ninety
6 days of the effective date of sections 620.3500 to
7 620.3530. The application shall include:

8 (1) The amount of capital investment requested;

9 (2) A copy of the applicant's or an affiliate of the
10 applicant's license as a rural business investment company
11 under 7 U.S.C. Section 2009cc or as a small business
12 investment company under 15 U.S.C. Section 681, and a
13 certificate executed by an executive officer of the

14 applicant attesting that such license remains in effect and
15 has not been revoked;

16 (3) Evidence that, as of the date the application is
17 submitted, the applicant or affiliates of the applicant have
18 invested:

19 (a) At least one hundred million dollars in nonpublic
20 companies located in counties within the United States with
21 a population of less than fifty thousand according to the
22 2010 decennial census of United States; and

23 (b) At least fifty million dollars in nonpublic
24 companies located in Missouri;

25 (4) A business plan that includes a revenue impact
26 assessment projecting state and local tax revenue to be
27 generated by the applicant's proposed qualified investments,
28 prepared by a nationally recognized, third-party,
29 independent economic forecasting firm using a dynamic
30 economic forecasting model that analyzes the applicant's
31 business plan over the ten years following the date the
32 application is submitted to the department. Such plan shall
33 include an estimate of the number of jobs created and jobs
34 retained in this state as a result of the applicant's
35 qualified investments; and

36 (5) A nonrefundable application fee of five thousand
37 dollars payable to the department.

38 2. Within thirty days after the receipt of a completed
39 application, the department shall grant or deny the
40 application in full or in part. The department shall deny
41 the application if:

42 (1) The applicant does not satisfy all of the criteria
43 provided under subsection 1 of this section;

44 (2) The revenue impact assessment submitted with the
45 application does not demonstrate that the applicant's
46 business plan will result in a positive fiscal impact on

47 this state over a ten-year period that exceeds the
48 cumulative amount of tax credits that would be issued to the
49 applicant if the application were approved; or

50 (3) The department has already approved the maximum
51 amount of capital investment authority under section
52 620.3515.

53 3. If the department denies any part of the
54 application, it shall inform the applicant of the grounds
55 for such denial. If the applicant provides any additional
56 information required by the department or otherwise
57 completes its application within fifteen days of the notice
58 of denial, the application shall be considered complete as
59 of the original date of submission. If the applicant fails
60 to provide the information or fails to complete its
61 application within the fifteen-day period, the application
62 shall remain denied and shall be resubmitted in full with a
63 new submission date and a new application fee.

64 4. Upon approval of an application, the department
65 shall certify the proposed equity investment as a capital
66 investment eligible for credits under sections 620.3500 to
67 620.3530, subject to the limitations contained in section
68 620.3515. The department shall provide written notice of
69 the certification to the applicant, which shall include the
70 amount of the applicant's capital investment authority. The
71 department shall certify capital investments in the order
72 that the applications are received by the department.
73 Applications received on the same day shall be deemed to
74 have been received simultaneously. For applications that
75 are complete and received on the same day, the department
76 shall certify applications in proportionate percentages
77 based upon the ratio of the amount of capital investment
78 authority requested in an application to the total amount of
79 capital investment authority requested in all applications.

620.3515. 1. The department shall certify capital
2 investment authority under the provisions of sections
3 620.3500 to 620.3530 in amounts that would authorize not
4 more than twenty-five million dollars in state tax credits
5 to be claimed against state tax liability in any calendar
6 year, excluding any credit amounts carried forward as
7 provided under subsection 1 of section 620.3520. Within
8 ninety days of the applicant receiving notice of
9 certification, the rural fund shall issue the capital
10 investment to, and receive cash in the amount of the
11 certified amount from, a rural investor. At least ten
12 percent of the rural investor's capital investment shall be
13 composed of capital raised by the rural investor directly or
14 indirectly from sources, including directors, members,
15 employees, officers, and affiliates of the rural investor,
16 other than the amount invested by the allocatee claiming the
17 tax credits in exchange for such allocation of tax credits.
18 The rural fund shall provide the department with evidence of
19 the receipt of the cash investment within ninety-five days
20 of the applicant receiving notice of certification.

21 2. If the rural fund does not receive the cash
22 investment and issue the capital investment within such time
23 period following receipt of the certification notice, the
24 certification shall lapse and the rural fund shall not issue
25 the capital investment without reapplying to the department
26 for certification. Lapsed certifications shall revert to
27 the department and shall be reissued pro rata to applicants
28 whose capital investment allocations were reduced in
29 accordance with the application process provided under
30 subsection 4 of section 620.3510.

31 3. A rural fund, before making a qualified investment,
32 may request from the department a written opinion as to
33 whether the business in which it proposes to invest is an

34 eligible business. The department, not later than the
35 fifteenth business day after the date of receipt of such
36 request, shall notify the rural fund of its determination.
37 If the department fails to notify the rural fund of its
38 determination by the twentieth business day, the business in
39 which the rural fund proposes to invest shall be deemed an
40 eligible business.

620.3520. 1. Upon making a capital investment in a
2 rural fund, a rural investor shall have a vested right to a
3 credit against such entity's state tax liability that may be
4 utilized on each credit allowance date of such capital
5 investment in an amount equal to the applicable percentage
6 for such credit allowance date multiplied by the purchase
7 price paid to the rural fund for the capital investment.
8 The amount of the credit claimed by a rural investor shall
9 not exceed the amount of such entity's state tax liability
10 for the tax year for which the credit is claimed. Any
11 amount of credit that a rural investor is prohibited from
12 claiming in a taxable year as a result of this section may
13 be carried forward for use in any of the five subsequent
14 taxable years, and shall not be carried back to prior
15 taxable years.

2. No credit claimed under the provisions of sections
17 620.3500 to 620.3530 shall be refundable. Credits earned by
18 or allocated to a partnership, limited liability company, or
19 S-corporation may be allocated to the partners, members, or
20 shareholders of such entity for their direct use in
21 accordance with the provisions of any agreement among such
22 partners, members, or shareholders, and a rural fund shall
23 notify the department of the names of the entities that are
24 eligible to utilize credits pursuant to an allocation of
25 credits or a change in allocation of credits, or due to a
26 transfer of a capital investment upon such allocation,

27 change, or transfer. Such allocation shall not be
28 considered a sale for the purposes of this section.

29 3. The department may recapture credits from a
30 taxpayer that claimed a credit authorized under this section
31 if:

32 (1) The rural fund does not invest sixty percent of
33 its capital investment authority in qualified investments in
34 this state within two years of the credit allowance date,
35 and one hundred percent of its capital investment authority
36 in qualified investments in this state within three years of
37 the credit allowance date, provided that at least seventy
38 percent of such initial qualified investments shall be made
39 in eligible businesses located in rural areas or eligible
40 businesses that are also agribusinesses;

41 (2) The rural fund fails to maintain qualified
42 investments equal to ninety percent of its capital
43 investment authority from the third anniversary until the
44 sixth anniversary of the credit allowance date, with seventy
45 percent of such investments maintained in eligible
46 businesses located in rural areas or eligible businesses
47 that are also agribusinesses. For each year the rural fund
48 fails to maintain such investments, the department may
49 recapture an amount of such year's allowed credits equal to
50 the percentage difference between ninety percent of a rural
51 fund's capital investment authority and the actual amount of
52 qualified investments maintained for such year. For the
53 purposes of this subdivision, a qualified investment is
54 considered maintained even if the qualified investment was
55 sold or repaid so long as the rural fund reinvests an amount
56 equal to the capital returned or recovered by the rural fund
57 from the original investment, exclusive of any profits
58 realized, in other qualified investments in this state
59 within twelve months of the receipt of such capital.

60 Amounts received periodically by a rural fund shall be
61 treated as continually invested in qualified investments if
62 the amounts are reinvested in one or more qualified
63 investments by the end of the following calendar year. A
64 rural fund shall not be required to reinvest capital
65 returned from qualified investments after the fifth
66 anniversary of the credit allowance date, and such qualified
67 investments shall be considered held continuously by the
68 rural fund through the sixth anniversary of the credit
69 allowance date;

70 (3) The rural fund, before exiting the program in
71 accordance with sections 620.3500 to 620.3530 or prior to
72 thirty days after the sixth anniversary of the credit
73 allowance date, whichever is earlier, makes a distribution
74 or payment that results in the rural fund having less than
75 one hundred percent of its capital investment authority
76 invested in qualified investments in this state or held in
77 cash or other marketable securities; or

78 (4) The rural fund violates the provisions of section
79 620.3525, in which case the department may recapture an
80 amount equal to the amount of a rural fund's capital
81 investment authority found to be in violation of such
82 provisions.

83 For the purposes of meeting and maintaining the objectives
84 established for investment in subdivisions (1) and (2) of
85 this subsection, a rural fund's qualified investments shall
86 be multiplied by a factor of one and a quarter in counties
87 with less than thirty thousand in population and more than
88 thirteen thousand in population and shall be multiplied by a
89 factor of one and a half in counties with a population of
90 thirteen thousand or less.

91 4. Recaptured credits and the related capital
92 investment authority shall revert to the department and

93 shall be reissued pro rata to applicants whose capital
94 investment allocations were reduced in accordance with the
95 application process provided under subsection 4 of section
96 620.3510.

97 5. No recapture shall occur until the rural fund has
98 been given notice of noncompliance and afforded six months
99 from the date of such notice to cure the noncompliance.

620.3525. No eligible business that receives a
2 qualified investment under the provisions of sections
3 620.3500 to 620.3530, or any affiliates of such eligible
4 businesses, shall directly or indirectly:

5 (1) Own or have the right to acquire an ownership
6 interest in a rural fund or member or affiliate of a rural
7 fund, including, but not limited to, a holder of a capital
8 investment issued by the rural fund; or

9 (2) Loan to or invest in a rural fund or member or
10 affiliate of a rural fund, including, but not limited to, a
11 holder of a capital investment issued by a rural fund, where
12 the proceeds of such loan or investment are directly or
13 indirectly used to fund or refinance the purchase of a
14 capital investment under sections 620.3500 to 620.3530.

620.3530. 1. Rural funds shall submit a report to the
2 department within the first fifteen business days after the
3 second and third anniversary of the initial credit allowance
4 date. The report following the second anniversary shall
5 provide documentation as to the investment of sixty percent
6 of the purchase price of such capital investment in
7 qualified investments. The report following the third
8 anniversary shall provide documentation as to the investment
9 of one hundred percent of the purchase price of such capital
10 investment in qualified investments. Unless previously
11 reported pursuant to this subsection, such reports shall
12 also include:

13 (1) The name and location of each eligible business
14 receiving a qualified investment;
15 (2) Bank statements of such rural fund evidencing each
16 qualified investment;
17 (3) A copy of the written opinion of the department,
18 as provided in subsection 3 of section 620.3515, or evidence
19 that such business was an eligible business at the time of
20 such qualified investment, as applicable;
21 (4) The number of jobs created and jobs retained
22 resulting from each qualified investment;
23 (5) The average annual salary of positions described
24 in subdivision (4) of this subsection; and
25 (6) Such other information as required by the
26 department.
27 2. For all subsequent years, rural funds shall submit
28 an annual report to the department within ninety days of the
29 beginning of the calendar year during the compliance
30 period. The report shall include, but is not limited to,
31 the following:
32 (1) The number of jobs created and jobs retained as a
33 result of qualified investments;
34 (2) The average annual salary of positions described
35 in subdivision (1) of this subsection; and
36 (3) Such other information as required by the
37 department.
38 3. On or after the sixth anniversary of the credit
39 allowance date, a rural fund may apply to the department to
40 exit the program and no longer be subject to regulation
41 under the provisions of sections 620.3500 to 620.3530. The
42 department shall respond to the exit application within
43 fifteen days of receipt. In evaluating the exit
44 application, the fact that no credits have been recaptured
45 and that the rural fund has not received a notice of

46 recapture that has not been cured pursuant to subsection 5
47 of section 620.3520 shall be sufficient evidence to prove
48 that the rural fund is eligible for exit. The department
49 shall not unreasonably deny an exit application submitted
50 under this subsection. If the exit application is denied,
51 the notice shall include the reasons for such determination.

52 4. The department shall not accept any new
53 applications for tax credits pursuant to sections 620.3500
54 to 620.3530 after December 31, 2031.