

FIRST REGULAR SESSION  
HOUSE COMMITTEE SUBSTITUTE FOR  
**SENATE BILL NO. 365**  
**101ST GENERAL ASSEMBLY**

1725H.05C

DANA RADEMAN MILLER, Chief Clerk

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**AN ACT**

To repeal sections 92.111, 137.280, 143.121, 143.171, and 620.2020, RSMo, and to enact in lieu thereof seven new sections relating to taxation, with an emergency clause for certain sections.

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

Section A. Sections 92.111, 137.280, 143.121, 143.171, and 620.2020, RSMo, are  
2 repealed and seven new sections enacted in lieu thereof, to be known as sections 92.111, 92.117,  
3 137.280, 143.088, 143.121, 143.171, and 620.2020, to read as follows:

92.111. 1. After December 31, 2011, no city, including any constitutional charter city,  
2 shall impose or levy an earnings tax, except a constitutional charter city that imposed or levied  
3 an earnings tax on November 2, 2010, may continue to impose the earnings tax if it submits to  
4 the voters of such city pursuant to section 92.115 the question whether to continue such earnings  
5 tax for a period of five years and a majority of such qualified voters voting thereon approve such  
6 question, however, if no such election is held, or if in any election held to continue to impose or  
7 levy the earnings tax a majority of such qualified voters voting thereon fail to approve the  
8 continuation of the earnings tax, such city shall no longer be authorized to impose or levy such  
9 earnings tax except to reduce such tax in the manner provided by section 92.125.

10 2. As used in sections 92.111 to 92.200, unless the context clearly requires otherwise,  
11 the term "earnings tax" means a tax on the:

12 (1) Salaries, wages, commissions and other compensation earned by its residents;

13 (2) Salaries, wages, commissions and other compensation earned by nonresidents of the  
14 city for work done or services performed or rendered in the city;

15 (3) Net profits of associations, businesses or other activities conducted by residents;

EXPLANATION — Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted from the law. Matter in **bold-face** type in the above bill is proposed language.

16 (4) Net profits of associations, businesses or other activities conducted in the city by  
17 nonresidents;

18 (5) Net profits earned by all corporations as the result of work done or services  
19 performed or rendered and business or other activities.

20 **3. Notwithstanding any provision of law to the contrary, no city not within a county**  
21 **shall impose or levy an earnings tax on any salaries, wages, commissions, net profits, or**  
22 **other compensation earned for any portion of work that is performed outside of the limits**  
23 **of the city.**

**92.117. 1. Any city not within a county that imposes or levies an earnings tax under**  
2 **sections 92.105 to 92.200 shall submit to the qualified voters of such city on the next general**  
3 **municipal election date immediately following August 28, 2021, the question of whether to**  
4 **exempt workers who are paid wages at the minimum wage rate described under section**  
5 **290.502 from the earnings tax.**

6 **2. The question submitted to the qualified voters in any such city shall contain**  
7 **substantially the following language:**

8 **Shall workers who are paid the minimum wage rate for their services be**  
9 **exempted from the earnings tax in this city, currently levied and imposed at**  
10 **the rate of \_\_\_\_\_ percent?**

11  Yes  No

12 **3. (1) If the question described in subsection 2 is approved by the majority of**  
13 **qualified voters voting thereon, effective January first of the calendar year immediately**  
14 **following the calendar year in which the question is approved, there shall be no earnings**  
15 **tax levied and imposed in the city on any workers who are paid wages at the minimum**  
16 **wage rate described under section 290.502.**

17 **(2) If the question described in subsection 2 is not approved by the majority of**  
18 **qualified voters voting thereon, workers who are paid wages at the minimum wage rate**  
19 **described under section 290.502 shall continue to remain subject to the earnings tax and**  
20 **the earnings tax shall continue to be levied and imposed according to all applicable**  
21 **provisions of sections 92.105 to 92.200.**

137.280. 1. Taxpayers' personal property lists, except those of merchants and  
2 manufacturers, and except those of railroads, public utilities, pipeline companies or any other  
3 person or corporation subject to special statutory requirements, such as chapter 151, who shall  
4 return and file their assessments on locally assessed property no later than April first, shall be  
5 delivered to the office of the assessor of the county between the first day of January and the first  
6 day of March each year and shall be signed and certified by the taxpayer as being a true and  
7 complete list or statement of all the taxable tangible personal property. If any person shall fail

8 to deliver the required list to the assessor by the first day of March, the owner of the property  
 9 which ought to have been listed shall be assessed a penalty added to the tax bill, based on the  
 10 assessed value of the property that was not reported, as follows:

Assessed Valuation	Penalty
0 - \$1,000	\$15.00
\$1,001 - \$2,000	\$25.00
\$2,001 - \$3,000	\$35.00
\$3,001 - \$4,000	\$45.00
\$4,001 - \$5,000	\$55.00
\$5,001 - \$6,000	\$65.00
\$6,001 - \$7,000	\$75.00
\$7,001 - \$8,000	\$85.00
\$8,001 - \$9,000	\$95.00
\$9,001 and above	\$105.00

22

23 The assessor in any county of the first classification without a charter form of government with  
 24 a population of one hundred thousand or more inhabitants which contains all or part of a city  
 25 with a population of three hundred fifty thousand or more inhabitants shall omit assessing the  
 26 penalty in any case where he or she is satisfied the neglect is unavoidable and not willful or falls  
 27 into one of the following categories. The assessor in all other political subdivisions shall omit  
 28 assessing the penalty in any case where he or she is satisfied the neglect falls into at least one of  
 29 the following categories:

- 30 (1) The taxpayer is in military service and is outside the state;
- 31 (2) The taxpayer filed timely, but in the wrong county;
- 32 (3) There was a loss of records due to fire or flood;
- 33 (4) The taxpayer can show the list was mailed timely as evidenced by the date of  
 34 postmark;
- 35 (5) The assessor determines that no form for listing personal property was mailed to the  
 36 taxpayer for that tax year; or
- 37 (6) The neglect occurred as a direct result of the actions or inactions of the county or its  
 38 employees or contractors.

39 2. Between March first and April first, the assessor shall send to each taxpayer who was  
 40 sent an assessment list for the current tax year, and said list was not returned to the assessor, a  
 41 second notice that statutes require the assessment list be returned immediately. In the event the  
 42 taxpayer returns the assessment list to the assessor before May first, the penalty described in  
 43 subsection 1 of this section shall not apply. If said assessment list is not returned before May  
 44 first by the taxpayer, the penalty shall apply.

45           3. It shall be the duty of the county commission and assessor to place on the assessment  
46 rolls for the year all personal property discovered in the calendar year which was taxable on  
47 January first of that year.

48           4. If annual waivers exceed forty percent, then by February first of each year, the assessor  
49 shall transmit to the county employees' retirement fund an electronic or paper copy of the log  
50 maintained under subsection 3 of section 50.1020 for the prior calendar year.

51           **5. An assessor may, upon request of a taxpayer, send any assessment list or notice**  
52 **required by this section to such taxpayer in electronic form.**

**143.088. Notwithstanding any provision of law to the contrary, for all tax years**  
2 **beginning on or after January 1, 2022, there shall be no tax imposed under this chapter on**  
3 **the first fifty thousand dollars of income of any person who is under twenty-three years of**  
4 **age on the first day of the tax year.**

143.121. 1. The Missouri adjusted gross income of a resident individual shall be the  
2 taxpayer's federal adjusted gross income subject to the modifications in this section.

3           2. There shall be added to the taxpayer's federal adjusted gross income:

4           (1) The amount of any federal income tax refund received for a prior year which resulted  
5 in a Missouri income tax benefit. The amount added pursuant to this subdivision shall not  
6 include any amount of a federal income tax refund attributable to a tax credit reducing a  
7 taxpayer's federal tax liability pursuant to Public Law 116-136 **or 116-260**, enacted by the 116th  
8 United States Congress, for the tax year beginning on or after January 1, 2020, and ending on or  
9 before December 31, 2020, and deducted from Missouri adjusted gross income pursuant to  
10 section 143.171. **The amount added under this subdivision shall also not include any**  
11 **amount of a federal income tax refund attributable to a tax credit reducing a taxpayer's**  
12 **federal tax liability under any other federal law that provides direct economic impact**  
13 **payments to taxpayers to mitigate financial challenges related to the COVID-19 pandemic,**  
14 **and deducted from Missouri adjusted gross income under section 143.171;**

15           (2) Interest on certain governmental obligations excluded from federal gross income by  
16 26 U.S.C. Section 103 of the Internal Revenue Code, as amended. The previous sentence shall  
17 not apply to interest on obligations of the state of Missouri or any of its political subdivisions or  
18 authorities and shall not apply to the interest described in subdivision (1) of subsection 3 of this  
19 section. The amount added pursuant to this subdivision shall be reduced by the amounts  
20 applicable to such interest that would have been deductible in computing the taxable income of  
21 the taxpayer except only for the application of 26 U.S.C. Section 265 of the Internal Revenue  
22 Code, as amended. The reduction shall only be made if it is at least five hundred dollars;

23           (3) The amount of any deduction that is included in the computation of federal taxable  
24 income pursuant to 26 U.S.C. Section 168 of the Internal Revenue Code as amended by the Job

25 Creation and Worker Assistance Act of 2002 to the extent the amount deducted relates to  
26 property purchased on or after July 1, 2002, but before July 1, 2003, and to the extent the amount  
27 deducted exceeds the amount that would have been deductible pursuant to 26 U.S.C. Section 168  
28 of the Internal Revenue Code of 1986 as in effect on January 1, 2002;

29 (4) The amount of any deduction that is included in the computation of federal taxable  
30 income for net operating loss allowed by 26 U.S.C. Section 172 of the Internal Revenue Code  
31 of 1986, as amended, other than the deduction allowed by 26 U.S.C. Section 172(b)(1)(G) and  
32 26 U.S.C. Section 172(i) of the Internal Revenue Code of 1986, as amended, for a net operating  
33 loss the taxpayer claims in the tax year in which the net operating loss occurred or carries  
34 forward for a period of more than twenty years and carries backward for more than two years.  
35 Any amount of net operating loss taken against federal taxable income but disallowed for  
36 Missouri income tax purposes pursuant to this subdivision after June 18, 2002, may be carried  
37 forward and taken against any income on the Missouri income tax return for a period of not more  
38 than twenty years from the year of the initial loss; and

39 (5) For nonresident individuals in all taxable years ending on or after December 31,  
40 2006, the amount of any property taxes paid to another state or a political subdivision of another  
41 state for which a deduction was allowed on such nonresident's federal return in the taxable year  
42 unless such state, political subdivision of a state, or the District of Columbia allows a subtraction  
43 from income for property taxes paid to this state for purposes of calculating income for the  
44 income tax for such state, political subdivision of a state, or the District of Columbia;

45 (6) For all tax years beginning on or after January 1, 2018, any interest expense paid or  
46 accrued in a previous taxable year, but allowed as a deduction under 26 U.S.C. Section 163, as  
47 amended, in the current taxable year by reason of the carryforward of disallowed business  
48 interest provisions of 26 U.S.C. Section 163(j), as amended. For the purposes of this  
49 subdivision, an interest expense is considered paid or accrued only in the first taxable year the  
50 deduction would have been allowable under 26 U.S.C. Section 163, as amended, if the limitation  
51 under 26 U.S.C. Section 163(j), as amended, did not exist.

52 3. There shall be subtracted from the taxpayer's federal adjusted gross income the  
53 following amounts to the extent included in federal adjusted gross income:

54 (1) Interest received on deposits held at a federal reserve bank or interest or dividends  
55 on obligations of the United States and its territories and possessions or of any authority,  
56 commission or instrumentality of the United States to the extent exempt from Missouri income  
57 taxes pursuant to the laws of the United States. The amount subtracted pursuant to this  
58 subdivision shall be reduced by any interest on indebtedness incurred to carry the described  
59 obligations or securities and by any expenses incurred in the production of interest or dividend  
60 income described in this subdivision. The reduction in the previous sentence shall only apply

61 to the extent that such expenses including amortizable bond premiums are deducted in  
62 determining the taxpayer's federal adjusted gross income or included in the taxpayer's Missouri  
63 itemized deduction. The reduction shall only be made if the expenses total at least five hundred  
64 dollars;

65 (2) The portion of any gain, from the sale or other disposition of property having a higher  
66 adjusted basis to the taxpayer for Missouri income tax purposes than for federal income tax  
67 purposes on December 31, 1972, that does not exceed such difference in basis. If a gain is  
68 considered a long-term capital gain for federal income tax purposes, the modification shall be  
69 limited to one-half of such portion of the gain;

70 (3) The amount necessary to prevent the taxation pursuant to this chapter of any annuity  
71 or other amount of income or gain which was properly included in income or gain and was taxed  
72 pursuant to the laws of Missouri for a taxable year prior to January 1, 1973, to the taxpayer, or  
73 to a decedent by reason of whose death the taxpayer acquired the right to receive the income or  
74 gain, or to a trust or estate from which the taxpayer received the income or gain;

75 (4) Accumulation distributions received by a taxpayer as a beneficiary of a trust to the  
76 extent that the same are included in federal adjusted gross income;

77 (5) The amount of any state income tax refund for a prior year which was included in the  
78 federal adjusted gross income;

79 (6) The portion of capital gain specified in section 135.357 that would otherwise be  
80 included in federal adjusted gross income;

81 (7) The amount that would have been deducted in the computation of federal taxable  
82 income pursuant to 26 U.S.C. Section 168 of the Internal Revenue Code as in effect on January  
83 1, 2002, to the extent that amount relates to property purchased on or after July 1, 2002, but  
84 before July 1, 2003, and to the extent that amount exceeds the amount actually deducted pursuant  
85 to 26 U.S.C. Section 168 of the Internal Revenue Code as amended by the Job Creation and  
86 Worker Assistance Act of 2002;

87 (8) For all tax years beginning on or after January 1, 2005, the amount of any income  
88 received for military service while the taxpayer serves in a combat zone which is included in  
89 federal adjusted gross income and not otherwise excluded therefrom. As used in this section,  
90 "combat zone" means any area which the President of the United States by Executive Order  
91 designates as an area in which Armed Forces of the United States are or have engaged in combat.  
92 Service is performed in a combat zone only if performed on or after the date designated by the  
93 President by Executive Order as the date of the commencing of combat activities in such zone,  
94 and on or before the date designated by the President by Executive Order as the date of the  
95 termination of combatant activities in such zone;

96 (9) For all tax years ending on or after July 1, 2002, with respect to qualified property  
97 that is sold or otherwise disposed of during a taxable year by a taxpayer and for which an  
98 additional modification was made under subdivision (3) of subsection 2 of this section, the  
99 amount by which additional modification made under subdivision (3) of subsection 2 of this  
100 section on qualified property has not been recovered through the additional subtractions provided  
101 in subdivision (7) of this subsection;

102 (10) For all tax years beginning on or after January 1, 2014, the amount of any income  
103 received as payment from any program which provides compensation to agricultural producers  
104 who have suffered a loss as the result of a disaster or emergency, including the:

- 105 (a) Livestock Forage Disaster Program;
- 106 (b) Livestock Indemnity Program;
- 107 (c) Emergency Assistance for Livestock, Honeybees, and Farm-Raised Fish;
- 108 (d) Emergency Conservation Program;
- 109 (e) Noninsured Crop Disaster Assistance Program;
- 110 (f) Pasture, Rangeland, Forage Pilot Insurance Program;
- 111 (g) Annual Forage Pilot Program;
- 112 (h) Livestock Risk Protection Insurance Plan; and
- 113 (i) Livestock Gross Margin Insurance Plan; and

114 (11) For all tax years beginning on or after January 1, 2018, any interest expense paid  
115 or accrued in the current taxable year, but not deducted as a result of the limitation imposed  
116 under 26 U.S.C. Section 163(j), as amended. For the purposes of this subdivision, an interest  
117 expense is considered paid or accrued only in the first taxable year the deduction would have  
118 been allowable under 26 U.S.C. Section 163, as amended, if the limitation under 26 U.S.C.  
119 Section 163(j), as amended, did not exist.

120 4. There shall be added to or subtracted from the taxpayer's federal adjusted gross  
121 income the taxpayer's share of the Missouri fiduciary adjustment provided in section 143.351.

122 5. There shall be added to or subtracted from the taxpayer's federal adjusted gross  
123 income the modifications provided in section 143.411.

124 6. In addition to the modifications to a taxpayer's federal adjusted gross income in this  
125 section, to calculate Missouri adjusted gross income there shall be subtracted from the taxpayer's  
126 federal adjusted gross income any gain recognized pursuant to 26 U.S.C. Section 1033 of the  
127 Internal Revenue Code of 1986, as amended, arising from compulsory or involuntary conversion  
128 of property as a result of condemnation or the imminence thereof.

129 7. (1) As used in this subsection, "qualified health insurance premium" means the  
130 amount paid during the tax year by such taxpayer for any insurance policy primarily providing  
131 health care coverage for the taxpayer, the taxpayer's spouse, or the taxpayer's dependents.

132 (2) In addition to the subtractions in subsection 3 of this section, one hundred percent  
133 of the amount of qualified health insurance premiums shall be subtracted from the taxpayer's  
134 federal adjusted gross income to the extent the amount paid for such premiums is included in  
135 federal taxable income. The taxpayer shall provide the department of revenue with proof of the  
136 amount of qualified health insurance premiums paid.

137 8. (1) Beginning January 1, 2014, in addition to the subtractions provided in this section,  
138 one hundred percent of the cost incurred by a taxpayer for a home energy audit conducted by an  
139 entity certified by the department of natural resources under section 640.153 or the  
140 implementation of any energy efficiency recommendations made in such an audit shall be  
141 subtracted from the taxpayer's federal adjusted gross income to the extent the amount paid for  
142 any such activity is included in federal taxable income. The taxpayer shall provide the  
143 department of revenue with a summary of any recommendations made in a qualified home  
144 energy audit, the name and certification number of the qualified home energy auditor who  
145 conducted the audit, and proof of the amount paid for any activities under this subsection for  
146 which a deduction is claimed. The taxpayer shall also provide a copy of the summary of any  
147 recommendations made in a qualified home energy audit to the department of natural resources.

148 (2) At no time shall a deduction claimed under this subsection by an individual taxpayer  
149 or taxpayers filing combined returns exceed one thousand dollars per year for individual  
150 taxpayers or cumulatively exceed two thousand dollars per year for taxpayers filing combined  
151 returns.

152 (3) Any deduction claimed under this subsection shall be claimed for the tax year in  
153 which the qualified home energy audit was conducted or in which the implementation of the  
154 energy efficiency recommendations occurred. If implementation of the energy efficiency  
155 recommendations occurred during more than one year, the deduction may be claimed in more  
156 than one year, subject to the limitations provided under subdivision (2) of this subsection.

157 (4) A deduction shall not be claimed for any otherwise eligible activity under this  
158 subsection if such activity qualified for and received any rebate or other incentive through a  
159 state-sponsored energy program or through an electric corporation, gas corporation, electric  
160 cooperative, or municipally owned utility.

161 9. The provisions of subsection 8 of this section shall expire on December 31, 2020.

143.171. 1. For all tax years beginning on or after January 1, 1994, and ending on or  
2 before December 31, 2018, an individual taxpayer shall be allowed a deduction for his or her  
3 federal income tax liability under Chapter 1 of the Internal Revenue Code for the same taxable  
4 year for which the Missouri return is being filed, not to exceed five thousand dollars on a single  
5 taxpayer's return or ten thousand dollars on a combined return, after reduction for all credits  
6 thereon, except the credit for payments of federal estimated tax, the credit for the overpayment



7 of any federal tax, and the credits allowed by the Internal Revenue Code by 26 U.S.C. Section  
8 31, 26 U.S.C. Section 27, and 26 U.S.C. Section 34.

9 2. (1) Notwithstanding any other provision of law to the contrary, for all tax years  
10 beginning on or after January 1, 2019, an individual taxpayer shall be allowed a deduction equal  
11 to a percentage of his or her federal income tax liability under Chapter 1 of the Internal Revenue  
12 Code for the same taxable year for which the Missouri return is being filed, not to exceed five  
13 thousand dollars on a single taxpayer's return or ten thousand dollars on a combined return, after  
14 reduction for all credits thereon, except the credit for payments of federal estimated tax, the  
15 credit for the overpayment of any federal tax, and the credits allowed by the Internal Revenue  
16 Code by 26 U.S.C. Section 31, 26 U.S.C. Section 27, and 26 U.S.C. Section 34. The deduction  
17 percentage is determined according to the following table:

18 If the Missouri gross income on the return 19 is:	The deduction percentage is:
20 \$25,000 or less	35 percent
21 From \$25,001 to \$50,000	25 percent
22 From \$50,001 to \$100,000	15 percent
23 From \$100,001 to \$125,000	5 percent
24 \$125,001 or more	0 percent

25

26 (2) Notwithstanding any provision of law to the contrary, the amount of any tax credits  
27 reducing a taxpayer's federal tax liability pursuant to Public Law 116-136 **or 116-260**, enacted  
28 by the 116th United States Congress, for the tax year beginning on or after January 1, 2020, and  
29 ending on or before December 31, 2020, **and the amount of any tax credits reducing a**  
30 **taxpayer's federal tax liability under any other federal law that provides direct economic**  
31 **impact payments to taxpayers to mitigate financial challenges related to the COVID-19**  
32 **pandemic** shall not be considered in determining a taxpayer's federal tax liability for the  
33 purposes of subdivision (1) of this subsection.

34 3. For all tax years beginning on or after September 1, 1993, a corporate taxpayer shall  
35 be allowed a deduction for fifty percent of its federal income tax liability under Chapter 1 of the  
36 Internal Revenue Code for the same taxable year for which the Missouri return is being filed  
37 after reduction for all credits thereon, except the credit for payments of federal estimated tax, the  
38 credit for the overpayment of any federal tax, and the credits allowed by the Internal Revenue  
39 Code by 26 U.S.C. Section 31, 26 U.S.C. Section 27, and 26 U.S.C. Section 34.

40           4. If a federal income tax liability for a tax year prior to the applicability of sections  
41 143.011 to 143.996 for which he was not previously entitled to a Missouri deduction is later paid  
42 or accrued, he may deduct the federal tax in the later year to the extent it would have been  
43 deductible if paid or accrued in the prior year.

620.2020. 1. The department shall respond to a written request, by or on behalf of a  
2 qualified company or qualified military project, for a proposed benefit award under the  
3 provisions of this program within five business days of receipt of such request. The department  
4 shall respond to a written request, by or on behalf of a qualified manufacturing company, for a  
5 proposed benefit award under the provisions of this program within fifteen business days of  
6 receipt of such request. Such response shall contain either a proposal of benefits for the qualified  
7 company or qualified military project, or a written response refusing to provide such a proposal  
8 and stating the reasons for such refusal. A qualified company or qualified military project that  
9 intends to seek benefits under the program shall submit to the department a notice of intent. The  
10 department shall respond within thirty days to a notice of intent with an approval or a rejection,  
11 provided that the department may withhold approval or provide a contingent approval until it is  
12 satisfied that proper documentation of eligibility has been provided. The department shall certify  
13 or reject the qualifying company's plan outlined in their notice of intent as satisfying good faith  
14 efforts made to employ, at a minimum, commensurate with the percentage of minority  
15 populations in the state of Missouri, as reported in the previous decennial census, the following:  
16 racial minorities, contractors who are racial minorities, and contractors that, in turn, employ at  
17 a minimum racial minorities commensurate with the percentage of minority populations in the  
18 state of Missouri, as reported in the previous decennial census. Failure to respond on behalf of  
19 the department shall result in the notice of intent being deemed approved. A qualified company  
20 receiving approval for program benefits may receive additional benefits for subsequent new jobs  
21 at the same facility after the full initial project period if the applicable minimum job requirements  
22 are met. There shall be no limit on the number of project periods a qualified company may  
23 participate in the program, and a qualified company may elect to file a notice of intent to begin  
24 a new project period concurrent with an existing project period if the applicable minimum job  
25 requirements are achieved, the qualified company provides the department with the required  
26 annual reporting, and the qualified company is in compliance with this program and any other  
27 state programs in which the qualified company is currently or has previously participated.  
28 However, the qualified company shall not receive any further program benefits under the original  
29 approval for any new jobs created after the date of the new notice of intent, and any jobs created  
30 before the new notice of intent shall not be included as new jobs for purposes of the benefit  
31 calculation for the new approval. When a qualified company has filed and received approval of  
32 a notice of intent and subsequently files another notice of intent, the department shall apply the

33 definition of project facility under subdivision (24) of section 620.2005 to the new notice of  
34 intent as well as all previously approved notices of intent and shall determine the application of  
35 the definitions of new job, new payroll, project facility base employment, and project facility  
36 base payroll accordingly.

37         2. Notwithstanding any provision of law to the contrary, the benefits available to the  
38 qualified company under any other state programs for which the company is eligible and which  
39 utilize withholding tax from the new or retained jobs of the company shall first be credited to the  
40 other state program before the withholding retention level applicable under this program will  
41 begin to accrue. If any qualified company also participates in a job training program utilizing  
42 withholding tax, the company shall retain no withholding tax under this program, but the  
43 department shall issue a refundable tax credit for the full amount of benefit allowed under this  
44 program. The calendar year annual maximum amount of tax credits which may be issued to a  
45 qualifying company that also participates in a job training program shall be increased by an  
46 amount equivalent to the withholding tax retained by that company under a jobs training  
47 program.

48         3. **(1)** A qualified company or qualified military project receiving benefits under this  
49 program shall provide an annual report of the number of jobs, along with minority jobs created  
50 or retained, and such other information as may be required by the department to document the  
51 basis for program benefits available no later than ninety days prior to the end of the qualified  
52 company's or industrial development authority's tax year immediately following the tax year for  
53 which the benefits provided under the program are attributed. In such annual report, if the  
54 average wage is below the applicable percentage of the county average wage, the qualified  
55 company or qualified military project has not maintained the employee insurance as required,  
56 if the department after a review determines the qualifying company fails to satisfy other aspects  
57 of their notice of intent, including failure to make good faith efforts to employ, at a minimum,  
58 commensurate with the percentage of minority populations in the state of Missouri, as reported  
59 in the previous decennial census, the following: racial minorities, contractors who are racial  
60 minorities, and contractors that, in turn, employ at a minimum racial minorities commensurate  
61 with the percentage of minority populations in the state of Missouri, as reported in the previous  
62 decennial census, or if the number of jobs is below the number required, the qualified company  
63 or qualified military project shall not receive tax credits or retain the withholding tax for the  
64 balance of the project period. Failure to timely file the annual report required under this section  
65 shall result in the forfeiture of tax credits attributable to the year for which the reporting was  
66 required and a recapture of withholding taxes retained by the qualified company or qualified  
67 military project during such year.

68           **(2) If a qualified company fails to timely file the annual report required in**  
69 **subdivision (1) of this subsection, the department shall communicate with an employee that**  
70 **is separate from the original point of contact for the department, provided such employee**  
71 **is designated in writing by the qualified company and preferably of an equivalent or higher**  
72 **supervisory role than the original point of contact, and using multiple means of**  
73 **communications if necessary, to inform the qualified company of the failure to timely file**  
74 **the annual report. If the qualified company requests an extension in writing to the**  
75 **department within thirty days following the deadline to file the annual report, the**  
76 **department shall grant one thirty-day extension beginning on the date that the request was**  
77 **received by the department to file the report without penalty. A failure to submit the**  
78 **report by the end of any extension granted by the department shall result in the forfeiture**  
79 **of tax credits and a recapture of withholding tax as provided in subdivision (1) of this**  
80 **subsection. A qualified company that had an annual report due between January 1, 2020,**  
81 **and September 1, 2021, shall not be subject to the forfeiture of tax credits attributable to**  
82 **the year for which the reporting was required or to the recapture of withholding taxes**  
83 **retained by the qualified company or qualified military project during such year so long**  
84 **as the annual report is filed with the department by November 1, 2021.**

85           4. The department may withhold the approval of any benefits under this program until  
86 it is satisfied that proper documentation has been provided, and shall reduce the benefits to  
87 reflect any reduction in full-time employees or payroll. Upon approval by the department, the  
88 qualified company may begin the retention of the withholding taxes when it reaches the required  
89 number of jobs and the average wage meets or exceeds the applicable percentage of county  
90 average wage. Tax credits, if any, may be issued upon satisfaction by the department that the  
91 qualified company has exceeded the applicable percentage of county average wage and the  
92 required number of jobs; provided that, tax credits awarded under subsection 7 of section  
93 620.2010 may be issued following the qualified company's acceptance of the department's  
94 proposal and pursuant to the requirements set forth in the written agreement between the  
95 department and the qualified company under subsection 4 of section 620.2010.

96           5. Any qualified company or qualified military project approved for benefits under this  
97 program shall provide to the department, upon request, any and all information and records  
98 reasonably required to monitor compliance with program requirements. This program shall be  
99 considered a business recruitment tax credit under subdivision (4) of subsection 2 of section  
100 135.800, and any qualified company or qualified military project approved for benefits under this  
101 program shall be subject to the provisions of sections 135.800 to 135.830.

102           6. Any taxpayer who is awarded benefits under this program who knowingly hires  
103 individuals who are not allowed to work legally in the United States shall immediately forfeit

104 such benefits and shall repay the state an amount equal to any state tax credits already redeemed  
105 and any withholding taxes already retained.

106 7. (1) The maximum amount of tax credits that may be authorized under this program  
107 for any fiscal year shall be limited as follows, less the amount of any tax credits previously  
108 obligated for that fiscal year under any of the tax credit programs referenced in subsection 14 of  
109 this section:

110 (a) For the fiscal year beginning on July 1, 2013, but ending on or before June 30, 2014,  
111 no more than one hundred six million dollars in tax credits may be authorized;

112 (b) For the fiscal year beginning on July 1, 2014, but ending on or before June 30, 2015,  
113 no more than one hundred eleven million dollars in tax credits may be authorized;

114 (c) For fiscal years beginning on or after July 1, 2015, but ending on or before June 30,  
115 2020, no more than one hundred sixteen million dollars in tax credits may be authorized for each  
116 fiscal year; and

117 (d) For all fiscal years beginning on or after July 1, 2020, no more than one hundred six  
118 million dollars in tax credits may be authorized for each fiscal year. The provisions of this  
119 paragraph shall not apply to tax credits issued to qualified companies under a notice of intent  
120 filed prior to July 1, 2020.

121 (2) For all fiscal years beginning on or after July 1, 2020, in addition to the amount of  
122 tax credits that may be authorized under paragraph (d) of subdivision (1) of this subsection, an  
123 additional ten million dollars in tax credits may be authorized for each fiscal year for the purpose  
124 of the completion of infrastructure projects directly connected with the creation or retention of  
125 jobs under the provisions of sections 620.2000 to 620.2020 and an additional ten million dollars  
126 in tax credits may be authorized for each fiscal year for a qualified manufacturing company based  
127 on a manufacturing capital investment as set forth in section 620.2010.

128 8. For all fiscal years beginning on or after July 1, 2020, the maximum total amount of  
129 withholding tax that may be authorized for retention for the creation of new jobs under the  
130 provisions of sections 620.2000 to 620.2020 by qualified companies with a project facility base  
131 employment of at least fifty shall not exceed seventy-five million dollars for each fiscal year.  
132 The provisions of this subsection shall not apply to withholding tax authorized for retention for  
133 the creation of new jobs by qualified companies with a project facility base employment of less  
134 than fifty.

135 9. For tax credits for the creation of new jobs under section 620.2010, the department  
136 shall allocate the annual tax credits based on the date of the approval, reserving such tax credits  
137 based on the department's best estimate of new jobs and new payroll of the project, and any other  
138 applicable factors in determining the amount of benefits available to the qualified company or  
139 qualified military project under this program; provided that, the department may reserve up to

140 twenty-one and one-half percent of the maximum annual amount of tax credits that may be  
141 authorized under subsection 7 of this section for award under subsection 7 of section 620.2010.  
142 However, the annual issuance of tax credits shall be subject to annual verification of actual  
143 payroll by the department or, for qualified military projects, annual verification of average salary  
144 for the jobs directly created by the qualified military project. Any authorization of tax credits  
145 shall expire if, within two years from the date of commencement of operations, or approval if  
146 applicable, the qualified company has failed to meet the applicable minimum job requirements.  
147 The qualified company may retain authorized amounts from the withholding tax under the  
148 project once the applicable minimum job requirements have been met for the duration of the  
149 project period. No benefits shall be provided under this program until the qualified company or  
150 qualified military project meets the applicable minimum new job requirements or, for benefits  
151 awarded under subsection 7 of section 620.2010, until the qualified company has satisfied the  
152 requirements set forth in the written agreement between the department and the qualified  
153 company under subsection 4 of section 620.2010. In the event the qualified company or  
154 qualified military project does not meet the applicable minimum new job requirements, the  
155 qualified company or qualified military project may submit a new notice of intent or the  
156 department may provide a new approval for a new project of the qualified company or qualified  
157 military project at the project facility or other facilities.

158 10. Tax credits provided under this program may be claimed against taxes otherwise  
159 imposed by chapters 143 and 148, and may not be carried forward, but shall be claimed within  
160 one year of the close of the taxable year for which they were issued. Tax credits provided under  
161 this program may be transferred, sold, or assigned by filing a notarized endorsement thereof with  
162 the department that names the transferee, the amount of tax credit transferred, and the value  
163 received for the credit, as well as any other information reasonably requested by the department.  
164 For a qualified company with flow-through tax treatment to its members, partners, or  
165 shareholders, the tax credit shall be allowed to members, partners, or shareholders in proportion  
166 to their share of ownership on the last day of the qualified company's tax period.

167 11. Prior to the issuance of tax credits or the qualified company beginning to retain  
168 withholding taxes, the department shall verify through the department of revenue and any other  
169 applicable state department that the tax credit applicant does not owe any delinquent income,  
170 sales, or use tax or interest or penalties on such taxes, or any delinquent fees or assessments  
171 levied by any state department and through the department of commerce and insurance that the  
172 applicant does not owe any delinquent insurance taxes or other fees. Such delinquency shall not  
173 affect the approval, except that any tax credits issued shall be first applied to the delinquency and  
174 any amount issued shall be reduced by the applicant's tax delinquency. If the department of  
175 revenue, the department of commerce and insurance, or any other state department concludes that

176 a taxpayer is delinquent after June fifteenth but before July first of any year and the application  
177 of tax credits to such delinquency causes a tax deficiency on behalf of the taxpayer to arise, then  
178 the taxpayer shall be granted thirty days to satisfy the deficiency in which interest, penalties, and  
179 additions to tax shall be tolled. After applying all available credits toward a tax delinquency, the  
180 administering agency shall notify the appropriate department and that department shall update  
181 the amount of outstanding delinquent tax owed by the applicant. If any credits remain after  
182 satisfying all insurance, income, sales, and use tax delinquencies, the remaining credits shall be  
183 issued to the applicant, subject to the restrictions of other provisions of law.

184 12. The director of revenue shall issue a refund to the qualified company to the extent  
185 that the amount of tax credits allowed under this program exceeds the amount of the qualified  
186 company's tax liability under chapter 143 or 148.

187 13. An employee of a qualified company shall receive full credit for the amount of tax  
188 withheld as provided in section 143.211.

189 14. Notwithstanding any provision of law to the contrary, beginning August 28, 2013,  
190 no new benefits shall be authorized for any project that had not received from the department a  
191 proposal or approval for such benefits prior to August 28, 2013, under the development tax credit  
192 program created under sections 32.100 to 32.125, the rebuilding communities tax credit program  
193 created under section 135.535, the enhanced enterprise zone tax credit program created under  
194 sections 135.950 to 135.973, and the Missouri quality jobs program created under sections  
195 620.1875 to 620.1890. The provisions of this subsection shall not be construed to limit or impair  
196 the ability of any administering agency to authorize or issue benefits for any project that had  
197 received an approval or a proposal from the department under any of the programs referenced  
198 in this subsection prior to August 28, 2013, or the ability of any taxpayer to redeem any such tax  
199 credits or to retain any withholding tax under an approval issued prior to that date. The  
200 provisions of this subsection shall not be construed to limit or in any way impair the ability of  
201 any governing authority to provide any local abatement or designate a new zone under the  
202 enhanced enterprise zone program created by sections 135.950 to 135.963. Notwithstanding any  
203 provision of law to the contrary, no qualified company that is awarded benefits under this  
204 program shall:

205 (1) Simultaneously receive benefits under the programs referenced in this subsection at  
206 the same capital investment; or

207 (2) Receive benefits under the provisions of section 620.1910 for the same jobs.

208 15. If any provision of sections 620.2000 to 620.2020 or application thereof to any  
209 person or circumstance is held invalid, the invalidity shall not affect other provisions or  
210 application of these sections which can be given effect without the invalid provisions or

211 application, and to this end, the provisions of sections 620.2000 to 620.2020 are hereby declared  
212 severable.

213 16. By no later than January 1, 2014, and the first day of each calendar quarter thereafter,  
214 the department shall present a quarterly report to the general assembly detailing the benefits  
215 authorized under this program during the immediately preceding calendar quarter to the extent  
216 such information may be disclosed under state and federal law. The report shall include, at a  
217 minimum:

218 (1) A list of all approved and disapproved applicants for each tax credit;

219 (2) A list of the aggregate amount of new or retained jobs that are directly attributable  
220 to the tax credits authorized;

221 (3) A statement of the aggregate amount of new capital investment directly attributable  
222 to the tax credits authorized;

223 (4) Documentation of the estimated net state fiscal benefit for each authorized project  
224 and, to the extent available, the actual benefit realized upon completion of such project or  
225 activity; and

226 (5) The department's response time for each request for a proposed benefit award under  
227 this program.

228 17. The department may adopt such rules, statements of policy, procedures, forms, and  
229 guidelines as may be necessary to carry out the provisions of sections 620.2000 to 620.2020.  
230 Any rule or portion of a rule, as that term is defined in section 536.010, that is created under the  
231 authority delegated in this section shall become effective only if it complies with and is subject  
232 to all of the provisions of chapter 536 and, if applicable, section 536.028. This section and  
233 chapter 536 are nonseverable and if any of the powers vested with the general assembly pursuant  
234 to chapter 536 to review, to delay the effective date, or to disapprove and annul a rule are  
235 subsequently held unconstitutional, then the grant of rulemaking authority and any rule proposed  
236 or adopted after August 28, 2013, shall be invalid and void.

237 18. Under section 23.253 of the Missouri sunset act:

238 (1) The provisions of the program authorized under sections 620.2000 to 620.2020 shall  
239 be reauthorized as of August 28, 2018, and shall expire on August 28, 2030; and

240 (2) If such program is reauthorized, the program authorized under this section shall  
241 automatically sunset twelve years after the effective date of the reauthorization of sections  
242 620.2000 to 620.2020; and

243 (3) Sections 620.2000 to 620.2020 shall terminate on September first of the calendar  
244 year immediately following the calendar year in which the program authorized under sections  
245 620.2000 to 620.2020 is sunset.



Section B. Because of the importance of economic development to the state of Missouri,  
2 sections 143.121, 143.171, and 620.2020 of section A of this act is deemed necessary for the  
3 immediate preservation of the public health, welfare, peace, and safety, and is hereby declared  
4 to be an emergency act within the meaning of the constitution, and sections 143.121, 143.171,  
5 and 620.2020 of section A of this act shall be in full force and effect upon its passage and  
6 approval.

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