

FIRST REGULAR SESSION
HOUSE COMMITTEE SUBSTITUTE FOR
SENATE SUBSTITUTE FOR
SENATE COMMITTEE SUBSTITUTE FOR
SENATE BILL NO. 92
102ND GENERAL ASSEMBLY

1210H.06C

DANA RADEMAN MILLER, Chief Clerk

AN ACT

To repeal sections 135.647, 135.772, 135.775, and 135.778, RSMo, and to enact in lieu thereof seventeen new sections relating to tax credits, with a delayed effective date for a certain section.

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

Section A. Sections 135.647, 135.772, 135.775, and 135.778, RSMo, are repealed
2 and seventeen new sections enacted in lieu thereof, to be known as sections 135.457, 135.465,
3 135.640, 135.647, 135.753, 135.772, 135.775, 135.778, 348.273, 348.274, 620.3500,
4 620.3505, 620.3510, 620.3515, 620.3520, 620.3525, and 620.3530, to read as follows:

**135.457. 1. This section shall be known and may be cited as the "Intern and
2 Apprentice Recruitment Act".**

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

**4 (1) "Apprentice", an individual registered and participating in a qualified
5 apprenticeship program in Missouri who has completed at least one year in such
6 qualified apprenticeship program;**

**7 (2) "Intern", a student who is enrolled at an approved private or public
8 institution, as defined in section 173.1102, and who has completed a minimum of thirty
9 credit hours;**

**10 (3) "Qualified apprenticeship program", an approved apprenticeship program,
11 as defined under 29 CFR Part 29 and 29 U.S.C. Section 50, certified by the United States
12 Department of Labor, in partnership with the Missouri department of higher education
13 and workforce development, and conducted in Missouri;**

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.

14 (4) "Tax credit", a credit against the tax otherwise due under chapter 143,
15 excluding withholding tax imposed under sections 143.191 to 143.265;

16 (5) "Taxpayer", any individual, firm, partner in a firm, corporation,
17 partnership, shareholder in an S corporation, or member of a limited liability
18 company subject to the state income tax imposed under chapter 143, 147, 148, or 153,
19 excluding the withholding tax imposed under sections 143.191 to 143.265, and that
20 engages in business in the apprentice's or intern's chosen field of study.

21 3. For all tax years beginning on or after January 1, 2024, a taxpayer shall be
22 allowed to claim a tax credit against the taxpayer's state tax liability in an amount equal
23 to one thousand five hundred dollars for each intern or apprentice hired at a pay rate
24 equal to or greater than minimum wage, provided that the following criteria are met:

25 (1) The total number of interns or apprentices employed for the tax year that the
26 credit is claimed exceeds the average number of interns or apprentices employed by the
27 taxpayer over the previous three years;

28 (2) Interns shall work a minimum of sixty hours per month for two consecutive
29 months during the tax year for which the credit is claimed and a copy of each intern's
30 official transcript is submitted with the claim for such tax credit; and

31 (3) Apprentices comply with all federal requirements of a qualified
32 apprenticeship including completing a minimum of two thousand hours of on-the-job
33 training and one hundred forty-four hours of required technical instruction in a
34 calendar year and a copy of the qualified apprenticeship program.

35 4. Notwithstanding any provision of section 32.057 or any other confidentiality
36 provision of state tax law to the contrary, the department of revenue may reveal the
37 names and other necessary information of all prior employers who have claimed an
38 individual as an intern or apprentice under this section, including the tax years in which
39 such individual was claimed as a qualified apprentice.

40 5. The total amount of tax credits claimed by a taxpayer under this section shall
41 not exceed nine thousand dollars in any given tax year.

42 6. The cumulative amount of tax credits allowed to all taxpayers under this
43 section shall not exceed one million dollars per tax year. If the amount of tax credits
44 claimed in a tax year under this section exceeds one million dollars, priority shall be
45 given to taxpayers that have been in business for less than five years, with the remaining
46 tax credits to be distributed based on the order in which they are claimed.

47 7. Tax credits issued under the provisions of this section shall not be refundable.
48 No tax credit claimed under this section shall be carried forward to any subsequent tax
49 year.

50 **8. No tax credit claimed under this section shall be assigned, transferred, sold, or**
51 **otherwise conveyed.**

52 **9. The application for the tax credits under this section shall be made to the**
53 **department of economic development and shall include information on participation in**
54 **the qualified apprenticeship program or a copy of the official transcript for the intern**
55 **being claimed, if applicable, and any other such information that the department deems**
56 **necessary. The department of economic development shall prescribe the method for**
57 **claiming the tax credits allowed in this section and shall certify to the department of**
58 **revenue each applicant that qualifies for a tax credit under this section.**

59 **10. The department of economic development shall prepare an annual report**
60 **containing statistical information regarding the tax credits issued under this section for**
61 **the previous tax year, including the total amount of tax credits claimed in the tax year,**
62 **the average number of tax credits claimed per taxpayer, the total number of interns**
63 **claimed, the total number of apprentices claimed, and the total amount expended on the**
64 **program.**

65 **11. The department of economic development shall promulgate all necessary**
66 **rules and regulations for the administration of this section. Any rule or portion of a**
67 **rule, as that term is defined in section 536.010, that is created under the authority**
68 **delegated in this section shall become effective only if it complies with and is subject to**
69 **all of the provisions of chapter 536 and, if applicable, section 536.028. This section and**
70 **chapter 536 are nonseverable and if any of the powers vested with the general assembly**
71 **pursuant to chapter 536 to review, to delay the effective date, or to disapprove and annul**
72 **a rule are subsequently held unconstitutional, then the grant of rulemaking authority**
73 **and any rule proposed or adopted after August 28, 2023, shall be invalid and void.**

74 **12. Under section 23.253 of the Missouri sunset act:**

75 **(1) The provisions of the new program authorized under this section shall**
76 **automatically sunset December thirty-first six years after the effective date of this**
77 **section unless reauthorized by an act of the general assembly;**

78 **(2) If such program is reauthorized, the program authorized under this section**
79 **shall automatically sunset December thirty-first twelve years after the effective date of**
80 **the reauthorization of this section; and**

81 **(3) This section shall terminate on September first of the calendar year**
82 **immediately following the calendar year in which the program authorized under this**
83 **section is sunset.**

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

2 (1) "Barriers to employment", the same meaning as such term is used for the
3 federal work opportunity tax credit for a member of a targeted group under Section 51
4 of the Internal Revenue Code;

5 (2) "Federal work opportunity credit", the work opportunity tax credit allowed
6 under Section 51 of the Internal Revenue Code;

7 (3) "Qualified taxpayer", any individual or entity subject to the state income tax
8 imposed under chapter 143, 147, 148, or 153, excluding the withholding tax imposed
9 under sections 143.191 to 143.265, who is an employer that incurred or paid wages to an
10 individual with barriers to employment and was employed in the state during the tax
11 year for which the tax credit under this section is claimed;

12 (4) "Tax credit", a credit against the tax otherwise due under chapter 143, 147,
13 148, or 153, excluding withholding tax imposed under sections 143.191 to 143.265.

14 2. For all tax years beginning on or after January 1, 2024, a qualified taxpayer
15 shall be allowed to claim a tax credit against the taxpayer's state tax liability for wages
16 paid or incurred by the qualified taxpayer during the tax year to an individual with
17 barriers to employment who is employed in the state in an amount equal to the lesser of:

18 (1) One hundred percent of the federal work opportunity credit properly
19 claimed for the tax year by a qualified taxpayer on such taxpayer's federal income tax
20 return with respect to such wages, excluding any amount carried back or forward from
21 another tax year in accordance with Section 39 of the Internal Revenue Code; or

22 (2) The Missouri income tax imposed for that tax year, except in the case of an
23 employer that is an organization exempt from taxation under Section 501(c) of the
24 Internal Revenue Code.

25 3. An employer that is an organization exempt from taxation under Section 501
26 (c) of the Internal Revenue Code may apply the credit under this section as a credit for
27 the payment of taxes that the organization is required to withhold from the wages of
28 employees and required to pay to the state.

29 4. Tax credits issued under the provisions of this section shall not be refundable.
30 No tax credit claimed under this section shall be carried forward to any subsequent tax
31 year.

32 5. No tax credit claimed under this section shall be assigned, transferred, sold, or
33 otherwise conveyed.

34 6. The department of revenue shall promulgate all necessary rules and
35 regulations for the administration of this section. Any rule or portion of a rule, as that
36 term is defined in section 536.010, that is created under the authority delegated in this
37 section shall become effective only if it complies with and is subject to all of the
38 provisions of chapter 536 and, if applicable, section 536.028. This section and chapter

39 **536 are nonseverable and if any of the powers vested with the general assembly**
40 **pursuant to chapter 536 to review, to delay the effective date, or to disapprove and annul**
41 **a rule are subsequently held unconstitutional, then the grant of rulemaking authority**
42 **and any rule proposed or adopted after August 28, 2023, shall be invalid and void.**

43 **7. Under section 23.253 of the Missouri sunset act:**

44 **(1) The provisions of the new program authorized under this section shall**
45 **automatically sunset December thirty-first six years after the effective date of this**
46 **section unless reauthorized by an act of the general assembly;**

47 **(2) If such program is reauthorized, the program authorized under this section**
48 **shall automatically sunset December thirty-first twelve years after the effective date of**
49 **the reauthorization of this section; and**

50 **(3) This section shall terminate on September first of the calendar year**
51 **immediately following the calendar year in which the program authorized under this**
52 **section is sunset.**

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

2 **(1) "Local hospital foundation", any hospital foundation that:**

3 **(a) Is exempt from taxation under Section 501(c)(3) of the Internal Revenue**
4 **Code of 1986, as amended; and**

5 **(b) Provides financial relief for unpaid hospital bills for services provided at not-**
6 **for-profit hospitals to any person whom the foundation deems to be in need of relief in**
7 **the area in which the taxpayer claiming the tax credit under this section resides;**

8 **(2) "Qualified amount", for any qualified taxpayer in a given tax year, an**
9 **amount equal to fifty percent of the value of the donations made to a local hospital**
10 **foundation, to the extent such amounts that have been subtracted from federal adjusted**
11 **gross income or federal taxable income are back in the determination of Missouri**
12 **adjusted gross income or Missouri taxable income before the credit can be claimed;**

13 **(3) "Qualified taxpayer", any individual subject to the state income tax imposed**
14 **under chapter 143, excluding the withholding tax imposed under sections 143.191 to**
15 **143.265, who makes a donation to a local hospital foundation and such donation is**
16 **eligible for a tax credit under this section;**

17 **(4) "Tax credit", a credit against the tax otherwise due under chapter 143,**
18 **excluding withholding tax imposed under sections 143.191 to 143.265.**

19 **2. For all tax years beginning on or after January 1, 2024, a qualified taxpayer**
20 **shall be allowed to claim a tax credit against the taxpayer's state tax liability in an**
21 **amount equal to the taxpayer's qualified amount. Each taxpayer claiming a tax credit**
22 **under this section shall file an affidavit with the income tax return verifying the amount**
23 **of the taxpayer's donations. The amount of the tax credit claimed shall not exceed the**

24 **amount of the taxpayer's state tax liability for the tax year that the credit is claimed and**
25 **shall not exceed two thousand five hundred dollars per taxpayer claiming the credit.**

26 **3. The cumulative amount of tax credits allowed to all taxpayers under this**
27 **section shall not exceed two million dollars per tax year. If the amount of tax credits**
28 **claimed in a tax year under this section exceeds two million dollars, tax credits shall be**
29 **allowed based on the order in which they are claimed.**

30 **4. No tax credit claimed under this section shall be refundable, but may be**
31 **carried forward to any of the taxpayer's three subsequent tax years.**

32 **5. No tax credit claimed under this section shall be assigned, transferred, sold, or**
33 **otherwise conveyed.**

34 **6. The department of revenue shall promulgate all necessary rules and**
35 **regulations for the administration of this section including, but not limited to, rules**
36 **relating to the verification of a taxpayer's qualified amount. Any rule or portion of a**
37 **rule, as that term is defined in section 536.010, that is created under the authority**
38 **delegated in this section shall become effective only if it complies with and is subject to**
39 **all of the provisions of chapter 536 and, if applicable, section 536.028. This section and**
40 **chapter 536 are nonseverable and if any of the powers vested with the general assembly**
41 **pursuant to chapter 536 to review, to delay the effective date, or to disapprove and annul**
42 **a rule are subsequently held unconstitutional, then the grant of rulemaking authority**
43 **and any rule proposed or adopted after August 28, 2023, shall be invalid and void.**

44 **7. Under section 23.253 of the Missouri sunset act:**

45 **(1) The provisions of the new program authorized under this section shall**
46 **automatically sunset six years after the effective date of this section unless reauthorized**
47 **by an act of the general assembly;**

48 **(2) If such program is reauthorized, the program authorized under this section**
49 **shall automatically sunset twelve years after the effective date of the reauthorization of**
50 **this section; and**

51 **(3) This section shall terminate on September first of the calendar year**
52 **immediately following the calendar year in which the provisions authorized under this**
53 **section are sunset.**

135.647. 1. As used in this section, the following terms shall mean:

2 (1) "Local food pantry", any food pantry that is:

3 (a) Exempt from taxation under section 501(c)(3) of the Internal Revenue Code of
4 1986, as amended; and

5 (b) Distributing emergency food supplies to Missouri low-income people who would
6 otherwise not have access to food supplies in the area in which the taxpayer claiming the tax
7 credit under this section resides;

8 (2) "Local homeless shelter", any homeless shelter that is:

9 (a) Exempt from taxation under Section 501(c)(3) of the Internal Revenue Code of
10 1986, as amended; and

11 (b) Providing temporary living arrangements, in the area in which the taxpayer
12 claiming the tax credit under this section resides, for individuals and families who otherwise
13 lack a fixed, regular, and adequate nighttime residence and lack the resources or support
14 networks to obtain other permanent housing;

15 (3) "Local soup kitchen", any soup kitchen that is:

16 (a) Exempt from taxation under section 501(c)(3) of the Internal Revenue Code of
17 1986, as amended; and

18 (b) Providing prepared meals through an established congregate feeding operation to
19 needy, low-income persons including, but not limited to, homeless persons in the area in
20 which the taxpayer claiming the tax credit under this section resides;

21 (4) "Taxpayer", an individual, a firm, a partner in a firm, corporation, or a shareholder
22 in an S corporation doing business in this state and subject to the state income tax imposed by
23 chapter 143, excluding withholding tax imposed by sections 143.191 to 143.265.

24 2. (1) Beginning on March 29, 2013, any donation of cash or food made to a local
25 food pantry on or after January 1, 2013, unless such food is donated after the food's expiration
26 date, shall be eligible for tax credits as provided by this section.

27 (2) Beginning on August 28, 2018, any donation of cash or food made to a local soup
28 kitchen or local homeless shelter on or after January 1, 2018, unless such food is donated after
29 the food's expiration date, shall be eligible for a tax credit as provided under this section.

30 (3) Any taxpayer who makes a donation that is eligible for a tax credit under this
31 section shall be allowed a credit against the tax otherwise due under chapter 143, excluding
32 withholding tax imposed by sections 143.191 to 143.265, in an amount equal to fifty percent
33 of the value of the donations made to the extent such amounts that have been subtracted from
34 federal adjusted gross income or federal taxable income are added back in the determination
35 of Missouri adjusted gross income or Missouri taxable income before the credit can be
36 claimed. Each taxpayer claiming a tax credit under this section shall file an affidavit with the
37 income tax return verifying the amount of their contributions. The amount of the tax credit
38 claimed shall not exceed the amount of the taxpayer's state tax liability for the tax year that
39 the credit is claimed and shall not exceed two thousand five hundred dollars per taxpayer
40 claiming the credit. Any amount of credit that the taxpayer is prohibited by this section from
41 claiming in a tax year shall not be refundable, but may be carried forward to any of the
42 taxpayer's three subsequent tax years. No tax credit granted under this section shall be
43 transferred, sold, or assigned. No taxpayer shall be eligible to receive a credit pursuant to this
44 section if such taxpayer employs persons who are not authorized to work in the United States

45 under federal law. No taxpayer shall be able to claim more than one credit under this section
46 for a single donation.

47 3. The cumulative amount of tax credits under this section which may be allocated to
48 all taxpayers contributing to a local food pantry, local soup kitchen, or local homeless shelter
49 in any one fiscal year shall not exceed ~~[one] three million [seven hundred fifty thousand]~~
50 dollars. The director of revenue shall establish a procedure by which the cumulative amount
51 of tax credits is apportioned among all taxpayers claiming the credit by April fifteenth of the
52 fiscal year in which the tax credit is claimed. To the maximum extent possible, the director of
53 revenue shall establish the procedure described in this subsection in such a manner as to
54 ensure that taxpayers can claim all the tax credits possible up to the cumulative amount of tax
55 credits available for the fiscal year.

56 4. Any local food pantry, local soup kitchen, or local homeless shelter may accept or
57 reject any donation of food made under this section for any reason. For purposes of this
58 section, any donations of food accepted by a local food pantry, local soup kitchen, or local
59 homeless shelter shall be valued at fair market value, or at wholesale value if the taxpayer
60 making the donation of food is a retail grocery store, food broker, wholesaler, or restaurant.

61 5. The department of revenue shall promulgate rules to implement the provisions of
62 this section. Any rule or portion of a rule, as that term is defined in section 536.010, that is
63 created under the authority delegated in this section shall become effective only if it complies
64 with and is subject to all of the provisions of chapter 536 and, if applicable, section 536.028.
65 This section and chapter 536 are nonseverable and if any of the powers vested with the
66 general assembly pursuant to chapter 536 to review, to delay the effective date, or to
67 disapprove and annul a rule are subsequently held unconstitutional, then the grant of
68 rulemaking authority and any rule proposed or adopted after August 28, 2007, shall be invalid
69 and void.

70 6. Under section 23.253 of the Missouri sunset act:

71 (1) The program authorized under this section shall be reauthorized as of August 28,
72 2018, and shall expire on December 31, ~~[2026]~~ **2031**, unless reauthorized by the general
73 assembly; and

74 (2) This section shall terminate on September first of the calendar year immediately
75 following the calendar year in which the program authorized under this section is sunset; and

76 (3) The provisions of this subsection shall not be construed to limit or in any way
77 impair a taxpayer's ability to redeem tax credits authorized on or before the date the program
78 authorized under this section expires.

**135.753. 1. This section shall be known and may be cited as the "Entertainment
2 Industry Jobs Act".**

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

4 (1) "Base investment", the aggregate funds actually invested and expended by a
5 Missouri taxpayer as a rehearsal expense or tour expense pursuant to this section;

6 (2) "Concert", a ticketed live performance of music in the physical presence of at
7 least one thousand individuals who view the performance live. For the purposes of this
8 subdivision, "ticketed" shall mean a concert where individual tickets for attendance are
9 offered for sale to the public;

10 (3) "Concert tour equipment", stage, set, scenery, design elements, automation,
11 rigging, trusses, spotlights, lighting, sound equipment, video equipment, special effects,
12 cases, communication devices, power distribution equipment, backline and other
13 miscellaneous equipment, or supplies used during a concert or rehearsal;

14 (4) "Department", the Missouri department of economic development;

15 (5) "Expense", any expense, expenditure, cost, charge, or other disbursement or
16 spending of funds;

17 (6) "Facility", a site with one or more studios. Multiple studios at a single
18 location shall not be considered separate facilities. A site may include one or more
19 buildings on the same property or properties within a five-mile radius, provided that the
20 properties' purpose and operations are interrelated and are owned or operated by the
21 same owner or operator, as applicable;

22 (7) "Facility full-time equivalent employee", an employee that is scheduled to
23 work an average of at least thirty-five hours per week and is located at the qualified
24 rehearsal facility, or a combination of two or more employees that combined, work an
25 average of at least thirty-five hours per week and are located at the qualified rehearsal
26 facility. An employee shall be considered to be located at the qualified rehearsal facility
27 if such employee spends fifty percent or more of the employee's work time at the
28 qualified rehearsal facility or at a nearby location serving the qualified rehearsal
29 facility, including a warehouse, located in Missouri and owned by the same owner or
30 operator, as applicable, of the qualified rehearsal facility. An employee that spends less
31 than fifty percent of the employee's work time at the qualified rehearsal facility or
32 nearby location shall be considered to be located at a qualified rehearsal facility if the
33 employee receives his or her directions and control from the qualified rehearsal facility
34 and is on the qualified rehearsal facility's payroll;

35 (8) "Minimum rehearsal and tour requirements", the occurrence of all of the
36 following during a rehearsal or tour:

37 (a) The purchase or rental of concert tour equipment, related services, or both,
38 in an amount of at least one million dollars from a Missouri vendor for use in the
39 rehearsal, on the tour, or both;

40 (b) A rehearsal at a qualified rehearsal facility for a minimum of ten days; and

- 41 **(c) The holding of at least two concerts in the state of Missouri;**
42 **(9) "Missouri vendor", an individual or entity located in and maintaining a place**
43 **of business in this state. Only transactions made through a Missouri location of a**
44 **Missouri vendor shall constitute a transaction with a Missouri vendor for the purposes**
45 **of this section;**
46 **(10) "Nonresident", the same meaning as defined pursuant to section 143.101;**
47 **(11) "Pass-through entity", any incorporated or unincorporated entity that has**
48 **or elects pass-through taxation under federal law, including, without limitation, a**
49 **partnership, S corporation, or unincorporated entity with or that elects pass-through**
50 **taxation;**
51 **(12) "Qualified rehearsal facility", a facility primarily used for rehearsals**
52 **located in this state and which meets all of the following criteria:**
53 **(a) Has a minimum of twelve thousand five hundred square feet of column-free,**
54 **unobstructed floor space in at least one rehearsal studio in the facility;**
55 **(b) Has had a minimum of eight million dollars invested in the facility in land or**
56 **structure, or a combination of land and structure;**
57 **(c) Has a permanent grid system with a capacity of a minimum of five hundred**
58 **thousand pounds in at least one rehearsal studio in the facility;**
59 **(d) Has a height from floor to permanent grid of a minimum of fifty feet in at**
60 **least one rehearsal studio in the facility;**
61 **(e) Has at least one sliding or roll-up access door with a minimum height of**
62 **fourteen feet in the facility;**
63 **(f) Has a security system which includes seven-days-a-week security cameras**
64 **and the use of access control identification badges;**
65 **(g) Has a service area with production offices, catering, and dressing rooms with**
66 **a minimum of five thousand square feet; and**
67 **(h) Is owned or operated by an entity that employs, on average on an annual**
68 **basis, at least eighty facility full-time equivalent employees;**
69
70 **A qualified rehearsal facility shall not include a facility at which concerts are regularly**
71 **held;**
72 **(13) "Resident", the same meaning as defined pursuant to section 143.101;**
73 **(14) "Rehearsal", an event or series of events which occur in preparation for a**
74 **tour prior to the start of the tour or during a tour when additional preparation may be**
75 **needed;**
76 **(15) "Rehearsal expenses", includes all of the following when incurred or when**
77 **such expenses will be incurred during a rehearsal:**

- 78 **(a) Total aggregate payroll;**
79 **(b) Payment to a personal service corporation representing individual talent;**
80 **(c) Payment to a pass-through entity representing individual talent;**
81 **(d) Expenses related to construction, operations, editing, photography, staging,**
82 **lighting, wardrobe, and accessories;**
83 **(e) The leasing of vehicles from a Missouri vendor;**
84 **(f) The transportation of people or concert tour equipment to or from a train**
85 **station, bus depot, airport, or other transportation location, or from a residence or**
86 **business entity;**
87 **(g) Insurance coverage for an entire tour if the insurance coverage is purchased**
88 **or will be purchased through an insurance agent that is a Missouri vendor;**
89 **(h) Food and lodging from a Missouri vendor;**
90 **(i) The purchase or rental of concert tour equipment from a Missouri vendor;**
91 **(j) The rental of a qualified rehearsal facility; and**
92 **(k) Emergency or medical support services required to conduct a rehearsal;**
93 **(16) "Total aggregate payroll", the total sum expended on salaries paid to**
94 **resident employees, regardless of whether such resident is working within or outside of**
95 **this state, or nonresident employees working within this state in one or more tours or**
96 **rehearsals, including, without limitation, payments to a loan-out company. For the**
97 **purposes of this subdivision:**
98 **(a) With respect to a single employee, the portion of any salary which exceeds**
99 **two million dollars in the aggregate for a single tour shall not be included when**
100 **calculating total aggregate payroll;**
101 **(b) All payments to a single employee and any legal entity in which the employee**
102 **has any direct or indirect ownership interest shall be considered as having been paid to**
103 **the employee and shall be aggregated regardless of the means of payment or**
104 **distribution; and**
105 **(c) Total aggregate payroll shall include payments to a loan-out company that**
106 **has met its withholding tax obligations as provided in this paragraph. The taxpayer**
107 **claiming the credit authorized pursuant to this section shall withhold Missouri income**
108 **tax at the rate imposed pursuant to section 143.071 on all payments to loan-out**
109 **companies for services performed in Missouri. Any amounts so withheld shall be**
110 **deemed to have been withheld by the loan-out company on wages paid to its employees**
111 **for services performed in Missouri, notwithstanding any exclusions under Missouri law**
112 **for short-term employment of nonresident workers, out-of-state businesses, or**
113 **otherwise. The amounts so withheld shall be allocated to the loan-out company's**
114 **employees based on the payments made to the loan-out company's employees for**

115 services performed in Missouri. For the purposes of this section, loan-out company
116 nonresident employees performing services in Missouri shall be considered taxable
117 nonresidents and the loan-out company shall be subject to income taxation in the
118 taxable year in which the loan-out company's employees perform services in Missouri,
119 notwithstanding any other provisions of chapter 143. Such withholding liability shall be
120 subject to penalties and interest in the same manner as the employee withholding taxes
121 imposed under chapter 143, and the department of revenue shall provide by regulation
122 the manner in which such liability shall be assessed and collected;

123 (17) "Tour", a series of concerts or other performances performed or to be
124 performed by a musical or other live performer, including at least one rehearsal, in one
125 or more locations over multiple days;

126 (18) "Tour expenses", expenses incurred or which will be incurred during a tour
127 including venues located in this state, including:

128 (a) Total aggregate payroll;

129 (b) The transportation of people or concert tour equipment to or from a train
130 station, bus depot, airport, or other transportation location, or from a residence or
131 business entity located in this state, or which is purchased or will be purchased from a
132 Missouri vendor;

133 (c) The leasing of vehicles provided by a Missouri vendor;

134 (d) The purchasing or rental of facilities and equipment from or through a
135 Missouri vendor;

136 (e) Food and lodging which is incurred or will be incurred from a Missouri
137 vendor;

138 (f) Marketing or advertising a tour at venues located within this state;

139 (g) Merchandise which is purchased or will be purchased from a Missouri
140 vendor and used on the tour;

141 (h) Payments made or that will be made to a personal service corporation
142 representing individual talent if income tax will be paid or accrued on the net income of
143 the corporation for the taxable year pursuant to chapter 143; and

144 (i) Payments made or that will be made to a pass-through entity representing
145 individual talent for which withholding tax will be withheld by the pass-through entity
146 on the payment as required pursuant to chapter 143;

147

148 "Tour expenses" shall not include development expenses, including the writing of music
149 or lyrics, or any expenses claimed by a taxpayer as rehearsal expenses.

150 3. (1) For all tax years beginning on or after January 1, 2024, a taxpayer shall be
151 allowed a tax credit for rehearsal expenses and tour expenses incurred by the taxpayer.

152 The amount of the tax credit shall be equal to thirty percent of the taxpayer's base
153 investment, subject to the limitations provided in subsection 6 of this section. No tax
154 credit shall be authorized for rehearsal expenses or tour expenses related to a rehearsal
155 or tour that does not meet the minimum rehearsal and tour requirements.

156 (2) Tax credits issued pursuant to this section shall not be refundable. Any
157 amount of tax credit that exceeds the tax liability for a taxpayer's tax year may be
158 carried forward to any of the taxpayer's five subsequent taxable years.

159 4. (1) Tax credits authorized pursuant to this section may be transferred or sold
160 in whole or in part by the taxpayer that claimed the tax credit, provided that the tax
161 credit is transferred or sold to another Missouri taxpayer.

162 (2) A transferor may make one or more transfers or sales of tax credits claimed
163 in a taxable year, and such transfers or sales may involve one or more transferees.

164 (3) A transferor shall submit to the department and to the department of
165 revenue a written notification of any transfer or sale of tax credits within thirty days
166 after the transfer or sale of such tax credits. Such notification shall include the amount
167 of the transferor's unredeemed tax credits prior to transfer, the tax credit identifying
168 certificate number or other relevant identifying information, the remaining amount of
169 unredeemed tax credits after transfer, all tax identification numbers for each transferee,
170 the date of transfer, the amount transferred, and any other information required by the
171 department or the department of revenue.

172 (4) The transfer or sale of a tax credit authorized pursuant to this section shall
173 not extend the time in which such tax credit may be redeemed. The carry-forward
174 period for a tax credit that is transferred or sold shall begin on the date on which the tax
175 credit was originally issued.

176 (5) A transferee shall have only such rights to claim and redeem the tax credit
177 that was available to such transferor at the time of the transfer, except for the transfer
178 use of the tax credit authorized in subdivision (1) of this subsection. To the extent that
179 such transferor did not have rights to claim or redeem the tax credit at the time of the
180 transfer, the department of revenue shall either disallow the tax credit claimed by the
181 transferee or recapture the tax credit from the transferee. The transferee's recourse
182 shall be against such transferor.

183 (6) Tax credits shall not be transferred or sold for less than sixty percent of the
184 value of such tax credits.

185 (7) A taxpayer failing to comply with the provisions of this subsection shall not
186 be able to redeem a tax credit until such taxpayer is in full compliance.

187 5. The tax credits authorized pursuant to this section shall be subject to the
188 following conditions and limitations:

189 **(1) The tax credit may be taken beginning with the taxable year in which the**
190 **taxpayer earning the tax credit has met the requirements provided pursuant to this**
191 **section. For each year in which such taxpayer either claims or transfers the tax credit,**
192 **the taxpayer shall attach a schedule to the taxpayer's Missouri income tax return which**
193 **shall include the following information:**

194 **(a) A description of the qualifying activities and expenses;**

195 **(b) A detailed listing of the employee names, Social Security numbers, and**
196 **Missouri wages when salaries are included in the base investment;**

197 **(c) The amount of the tax credit claimed pursuant to this section for the tax year;**

198 **(d) Any tax credit previously taken by the taxpayer against Missouri income tax**
199 **liabilities;**

200 **(e) The amount of the tax credit carried over from prior years;**

201 **(f) The amount of the tax credit utilized by the taxpayer claiming the tax credit**
202 **in the current taxable year; and**

203 **(g) The amount of the tax credit to be carried over to subsequent tax years;**

204 **(2) In the initial tax year in which the taxpayer claims the credit authorized**
205 **pursuant to this section, the taxpayer shall include a description of the qualifying**
206 **activities and expenses that demonstrates that the minimum rehearsal and tour**
207 **requirements are met; and**

208 **(3) Any taxpayer claiming, transferring, or selling a tax credit pursuant to this**
209 **section shall be required to reimburse the department of revenue for any department-**
210 **initiated audits relating to the tax credit. The provisions of this subdivision shall not**
211 **apply to routine tax audits of a taxpayer which may include the review of the tax credit**
212 **authorized pursuant to this section.**

213 **6. (1) The aggregate amount of tax credits that may be authorized in a given**
214 **fiscal year pursuant to this section shall not exceed eight million dollars. If the amount**
215 **of tax credits applied for by taxpayers exceeds such amount, the department may, at its**
216 **discretion, authorize additional tax credits in an amount not to exceed two million**
217 **dollars in such fiscal year, provided that the maximum amount of tax credits that may**
218 **be authorized during the subsequent fiscal year shall be reduced by the amount of**
219 **additional tax credits that the department authorizes.**

220 **(2) Notwithstanding the provisions of subdivision (1) of subsection 3 of this**
221 **section to the contrary, the amount of tax credits claimed by a taxpayer pursuant to this**
222 **section during a fiscal year shall not exceed the following amounts:**

223 **(a) If a taxpayer's base investment is less than four million dollars, the taxpayer**
224 **shall not be awarded more than one million dollars in tax credits in a fiscal year;**

225 (b) If a taxpayer's base investment is at least four million dollars but less than
226 eight million dollars, the taxpayer shall not be awarded more than two million dollars in
227 tax credits in a fiscal year; and

228 (c) If a taxpayer's base investment is at least eight million dollars, the taxpayer
229 shall not be awarded more than three million dollars in tax credits in a fiscal year.

230 7. The department shall promulgate such rules and regulations as are necessary
231 to implement and administer the provisions of this section. Any rule or portion of a
232 rule, as that term is defined in section 536.010, that is created under the authority
233 delegated in this section shall become effective only if it complies with and is subject to
234 all of the provisions of chapter 536 and, if applicable, section 536.028. This section and
235 chapter 536 are nonseverable and if any of the powers vested with the general assembly
236 pursuant to chapter 536 to review, to delay the effective date, or to disapprove and annul
237 a rule are subsequently held unconstitutional, then the grant of rulemaking authority
238 and any rule proposed or adopted after August 28, 2023, shall be invalid and void.

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

240 (1) The program authorized pursuant to this section shall automatically sunset
241 on December 31, 2030, unless reauthorized by an act of the general assembly;

242 (2) If such program is reauthorized, the program authorized pursuant to this
243 section shall automatically sunset on December thirty-first, twelve years after the
244 effective date of the reauthorization;

245 (3) This section shall terminate on September first of the calendar year
246 immediately following the calendar year in which the program authorized pursuant to
247 this section is sunset; and

248 (4) The provisions of this subsection shall not be construed to limit or in any way
249 impair the department's ability to redeem tax credits authorized on or before the date
250 the program authorized pursuant to this section expires or a taxpayer's ability to
251 redeem such tax credits.

252 9. (1) Notwithstanding the provisions of subsection 8 of this section, the
253 provisions of this section shall automatically terminate and expire ninety days after the
254 department determines that all other state and local governments in the United States of
255 America have terminated or let lapse their tax credit or other governmental incentive
256 program for the music or performance entertainment industries, regardless of whether
257 such credits or programs are now in effect or first commence after the effective date of
258 this section. The department shall notify the revisor of statutes upon the department's
259 determination that the tax credit authorized by this section shall terminate pursuant to
260 this subsection.

261 **(2) The provisions of this subsection shall not be construed to limit or in any way**
262 **impair the ability of any taxpayer that has met the requirements in this section prior to**
263 **the termination of this section to participate in the program authorized under this**
264 **section. The provisions of this section shall not be construed to limit or in any way**
265 **impair the department's ability to redeem tax credits qualified for on or before the date**
266 **the program authorized pursuant to this section expires.**

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

- 2 (1) "Department", the Missouri department of revenue;
 - 3 (2) "Distributor", a person, firm, or corporation doing business in this state that:
 - 4 (a) Produces, refines, blends, compounds, or manufactures motor fuel;
 - 5 (b) Imports motor fuel into the state; or
 - 6 (c) Is engaged in distribution of motor fuel;
 - 7 (3) "Higher ethanol blend", a fuel capable of being dispensed directly into motor
8 vehicle fuel tanks for consumption that is comprised of at least fifteen percent but not more
9 than eighty-five percent ethanol;
 - 10 (4) "Retail dealer", a person, firm, or corporation doing business in this state that
11 owns or operates a retail service station in this state;
 - 12 (5) "Retail service station", a location in this state from which higher ethanol blend is
13 sold to the general public and is dispensed directly into motor vehicle fuel tanks for
14 consumption.
- 15 2. For all tax years beginning on or after January 1, 2023, a retail dealer that sells
16 higher ethanol blend at such retail dealer's retail service station or a distributor that sells
17 higher ethanol blend directly to the final user located in this state shall be allowed a tax credit
18 to be taken against the retail dealer's or distributor's state income tax liability. The amount of
19 the credit shall equal five cents per gallon of higher ethanol blend sold by the retail dealer and
20 dispensed through metered pumps at the retail dealer's retail service station or by a distributor
21 directly to the final user located in this state during the tax year for which the tax credit is
22 claimed. **For any retail dealer or distributor with a tax year beginning prior to January**
23 **1, 2023, but ending during the 2023 calendar year, such retail dealer or distributor shall**
24 **be allowed a tax credit for the amount of higher ethanol blend sold during the portion of**
25 **such tax year that occurs during the 2023 calendar year.** Tax credits authorized pursuant
26 to this section shall not be transferred, sold, or assigned. If the amount of the tax credit
27 exceeds the taxpayer's state tax liability, the difference shall not be refundable but may be
28 carried forward to any of the five subsequent tax years. The total amount of tax credits issued
29 pursuant to this section for any given fiscal year shall not exceed five million dollars.
- 30 3. In the event the total amount of tax credits claimed under this section exceeds the
31 amount of available tax credits, the tax credits shall be apportioned among all eligible retail

32 dealers and distributors claiming a tax credit by April fifteenth, or as directed by section
33 143.851, of the fiscal year in which the tax credit is claimed.

34 4. The tax credit allowed by this section shall be claimed by such taxpayer at the time
35 such taxpayer files a return and shall be applied against the income tax liability imposed by
36 chapter 143, excluding the withholding tax imposed by sections 143.191 to 143.265, after
37 reduction for all other credits allowed thereon. The department may require any
38 documentation it deems necessary to implement the provisions of this section.

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

47 6. Under section 23.253 of the Missouri sunset act:

48 (1) The provisions of this section shall automatically sunset on December 31, 2028,
49 unless reauthorized by an act of the general assembly; and

50 (2) If such program is reauthorized, the program authorized under this section shall
51 automatically sunset twelve years after the effective date of the reauthorization of this section;
52 and

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

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

2 (1) "Biodiesel blend", a blend of diesel fuel and biodiesel fuel of at least five percent
3 and not more than twenty percent for on-road and off-road diesel-fueled vehicle use;

4 (2) "Biodiesel fuel", a renewable, biodegradable, mono alkyl ester combustible liquid
5 fuel that is derived from agricultural and other plant oils or animal fats and that meets the
6 most recent version of the ASTM International D6751 Standard Specification for Biodiesel
7 Fuel Blend Stock. A fuel shall be deemed to be biodiesel fuel if the fuel consists of a pure
8 B100 or B99 ratio. Biodiesel produced from palm oil is not biodiesel fuel for the purposes of
9 this section unless the palm oil is contained within waste oil and grease collected within the
10 United States;

11 (3) "B99", a blend of ninety-nine percent biodiesel fuel that meets the most recent
12 version of the ASTM International D6751 Standard Specification for Biodiesel Fuel Blend
13 Stock with a minimum of one-tenth of one percent and maximum of one percent diesel fuel

14 that meets the most recent version of the ASTM International D975 Standard Specification
15 for Diesel Fuel;

16 (4) "Department", the Missouri department of revenue;

17 (5) "Distributor", a person, firm, or corporation doing business in this state that:

18 (a) Produces, refines, blends, compounds, or manufactures motor fuel;

19 (b) Imports motor fuel into the state; or

20 (c) Is engaged in distribution of motor fuel;

21 (6) "Retail dealer", a person, firm, or corporation doing business in this state that
22 owns or operates a retail service station in this state;

23 (7) "Retail service station", a location in this state from which biodiesel blend is sold
24 to the general public and is dispensed directly into motor vehicle fuel tanks for consumption
25 at retail.

26 2. For all tax years beginning on or after January 1, 2023, a retail dealer that sells a
27 biodiesel blend at a retail service station or a distributor that sells a biodiesel blend directly to
28 the final user located in this state shall be allowed a tax credit to be taken against the retail
29 dealer or distributor's state income tax liability. **For any retail dealer or distributor with a**
30 **tax year beginning prior to January 1, 2023, but ending during the 2023 calendar year,**
31 **such retail dealer or distributor shall be allowed a tax credit for the amount of biodiesel**
32 **blend sold during the portion of such tax year that occurs during the 2023 calendar year.**
33 The amount of the credit shall be equal to:

34 (1) Two cents per gallon of biodiesel blend of at least five percent but not more than
35 ten percent sold by the retail dealer at a retail service station or by a distributor directly to the
36 final user located in this state during the tax year for which the tax credit is claimed; and

37 (2) Five cents per gallon of biodiesel blend in excess of ten percent but not more than
38 twenty percent sold by the retail dealer at a retail service station or by a distributor directly to
39 the final user located in this state during the tax year for which the tax credit is claimed.

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

44 4. In the event the total amount of tax credits claimed under this section exceeds the
45 amount of available tax credits, the tax credits shall be apportioned among all eligible retail
46 dealers and distributors claiming a tax credit by April fifteenth, or as directed by section
47 143.851, of the fiscal year in which the tax credit is claimed.

48 5. The tax credit allowed by this section shall be claimed by such taxpayer at the time
49 such taxpayer files a return and shall be applied against the income tax liability imposed by
50 chapter 143, excluding the withholding tax imposed by sections 143.191 to 143.265, after

51 reduction for all other credits allowed thereon. The department may require any
52 documentation it deems necessary to administer the provisions of this section.

53 6. Notwithstanding any other provision of law to the contrary, if the maximum
54 amount of tax credits authorized by this section are not claimed, the remaining amount of tax
55 credits available to claim shall be applied to the tax credit in section 135.778 if the maximum
56 amount of tax credits authorized by section 135.778 have been claimed.

57 7. Notwithstanding the provisions of section 32.057 to the contrary, the department
58 may work with the division of weights and measures within the department of agriculture to
59 validate that the biodiesel blend a retail dealer or distributor claims for the tax credit
60 authorized under this section contains a sufficient percentage of biodiesel fuel.

61 8. The department shall promulgate rules to implement and administer the provisions
62 of this section. Any rule or portion of a rule, as that term is defined in section 536.010, that is
63 created pursuant to the authority delegated in this section shall become effective only if it
64 complies with and is subject to all of the provisions of chapter 536 and, if applicable, section
65 536.028. This section and chapter 536 are nonseverable and if any of the powers vested with
66 the general assembly pursuant to chapter 536 to review, to delay the effective date, or to
67 disapprove and annul a rule are subsequently held unconstitutional, then the grant of
68 rulemaking authority and any rule proposed or adopted after January 2, 2023, shall be invalid
69 and void.

70 9. Under section 23.253 of the Missouri sunset act:

71 (1) The provisions of the new program authorized under this section shall
72 automatically sunset on December 31, 2028, unless reauthorized by an act of the general
73 assembly;

74 (2) If such program is reauthorized, the program authorized under this section shall
75 automatically sunset twelve years after the effective date of the reauthorization of this section;
76 and

77 (3) This section shall terminate on September first of the calendar year immediately
78 following the calendar year in which the program authorized under this section is sunset. The
79 termination of the program as described in this subsection shall not be construed to preclude
80 any qualified taxpayer who claims any benefit under any program that is sunset under this
81 subsection from claiming such benefit for all allowable activities related to such claim that
82 were completed before the program was sunset or to eliminate any responsibility of the
83 department to verify the continued eligibility of qualified individuals receiving tax credits and
84 to enforce other requirements of law that applied before the program was sunset.

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

2 (1) "Biodiesel fuel", a renewable, biodegradable, mono alkyl ester combustible liquid
3 fuel that is derived from agricultural and other plant oils or animal fats and that meets the

4 most recent version of the ASTM International D6751 Standard Specification for Biodiesel
5 Fuel Blend Stock. A fuel shall be deemed to be biodiesel fuel if the fuel consists of a pure
6 B100 or B99 ratio. Biodiesel produced from palm oil is not biodiesel fuel for the purposes of
7 this section unless the palm oil is contained within waste oil and grease collected within the
8 United States;

9 (2) "B99", a blend of ninety-nine percent biodiesel fuel that meets the most recent
10 version of the ASTM International D6751 Standard Specification for Biodiesel Fuel Blend
11 Stock with a minimum of one-tenth of one percent and maximum of one percent diesel fuel
12 that meets the most recent version of the ASTM International D975 Standard Specification
13 for Diesel Fuel;

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

15 (4) "Missouri biodiesel producer", a person, firm, or corporation doing business in
16 this state that produces biodiesel fuel in this state, is registered with the United States
17 Environmental Protection Agency according to the requirements of 40 CFR Part 79, and has
18 begun construction on such facility or has been selling biodiesel fuel produced at such facility
19 on or before January 2, 2023.

20 2. For all tax years beginning on or after January 1, 2023, a Missouri biodiesel
21 producer shall be allowed a tax credit to be taken against the producer's state income tax
22 liability. **For any Missouri biodiesel producer with a tax year beginning prior to**
23 **January 1, 2023, but ending during the 2023 calendar year, such Missouri biodiesel**
24 **producer shall be allowed a tax credit for the amount of biodiesel fuel produced during**
25 **the portion of such tax year that occurs during the 2023 calendar year.** The amount of
26 the tax credit shall be two cents per gallon of biodiesel fuel produced by the Missouri
27 biodiesel producer during the tax year for which the tax credit is claimed.

28 3. Tax credits authorized under this section shall not be transferred, sold, or assigned.
29 If the amount of the tax credit exceeds the taxpayer's state tax liability, the difference shall be
30 refundable. The total amount of tax credits issued under this section for any given fiscal year
31 shall not exceed ~~four~~ **five million five hundred thousand** dollars, **which shall be**
32 **authorized on a first-come first-served basis.**

33 4. ~~In the event the total amount of tax credits claimed under this section exceeds the~~
34 ~~amount of available tax credits, the tax credits shall be apportioned among all eligible~~
35 ~~Missouri biodiesel producers claiming the credit by April fifteenth, or as directed by section~~
36 ~~143.851, of the fiscal year in which the tax credit is claimed.~~

37 ~~5.]~~ The tax credit authorized under this section shall be claimed by such taxpayer at
38 the time such taxpayer files a return and shall be applied against the income tax liability
39 imposed by chapter 143, excluding the withholding tax imposed by sections 143.191 to

40 143.265, after reduction for all other credits allowed thereon. The department may require
41 any documentation it deems necessary to administer the provisions of this section.

42 ~~[6:]~~ 5. Notwithstanding any other provision of law to the contrary, if the maximum
43 amount of tax credits authorized by this section are not claimed, the remaining amount of tax
44 credits available to claim shall be applied to the tax credit in section 135.775 if the maximum
45 amount of tax credits authorized by section 135.775 have been claimed.

46 ~~[7:]~~ 6. The department shall promulgate rules to implement and administer the
47 provisions of this section. Any rule or portion of a rule, as that term is defined in section
48 536.010, that is created pursuant to the authority delegated in this section shall become
49 effective only if it complies with and is subject to all of the provisions of chapter 536 and, if
50 applicable, section 536.028. This section and chapter 536 are nonseverable and if any of the
51 powers vested with the general assembly pursuant to chapter 536 to review, to delay the
52 effective date, or to disapprove and annul a rule are subsequently held unconstitutional, then
53 the grant of rulemaking authority and any rule proposed or adopted after January 2, 2023,
54 shall be invalid and void.

55 ~~[8:]~~ 7. Under section 23.253 of the Missouri sunset act:

56 (1) The provisions of the new program authorized under this section shall
57 automatically sunset on December 31, 2028, unless reauthorized by an act of the general
58 assembly;

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

62 (3) This section shall terminate on September first of the calendar year immediately
63 following the calendar year in which the program authorized under this section is sunset. The
64 termination of the program as described in this subsection shall not be construed to preclude
65 any qualified taxpayer who claims any benefit under any program that is sunset under this
66 subsection from claiming such benefit for all allowable activities related to such claim that
67 were completed before the program was sunset, or to eliminate any responsibility of the
68 department to verify the continued eligibility of qualified individuals receiving tax credits and
69 to enforce other requirements of law that applied before the program was sunset.

**348.273. 1. This section and section 348.274 shall be known and may be cited as
2 the "Missouri Angel Investment Incentive Act" and referred to herein as the "act".**

3 2. As used in this section and section 348.274, the following terms shall mean:

4 (1) "Cash investment", money or money equivalent contribution;

5 (2) "Department", the department of economic development;

6 (3) "Investor":

7 (a) A natural person who is an accredited investor as defined under 17 CFR
8 230.501(a)(5) or 230.501(a)(6), as in effect on August 28, 2023;

9 (b) A permitted entity investor who is an accredited investor as defined under 17
10 CFR 230.501(a)(8), as in effect on August 28, 2023; or

11 (c) A natural person or permitted entity investor making an investment who
12 qualifies under the Jumpstart Our Business Startups (JOBS) Act, Pub. L. No. 112-106,
13 as in effect on August 28, 2023. The term "investor" shall not include any person who
14 serves as an executive, officer, or employee of the business in which an otherwise
15 qualified cash investment is made, and such person shall not qualify for the issuance of
16 tax credits for such investment. However, an investor who serves solely as a director
17 may qualify for the issuance of tax credits;

18 (4) "MTC", the Missouri technology corporation, established under section
19 348.251;

20 (5) "Owner", any natural person who is, directly or indirectly, a partner,
21 stockholder, or member in a permitted entity investor;

22 (6) "Permitted entity investor", any general partnership, limited partnership,
23 corporation that has in effect a valid election to be taxed as an S corporation under the
24 Internal Revenue Code of 1986, as amended, revocable living trust, nonprofit
25 corporation, or limited liability company that has elected to be taxed as a partnership
26 under the United States Internal Revenue Code of 1986, as amended, and that was
27 established and is operated for the purpose of making investments in other entities;

28 (7) "Qualified knowledge-based company", a company engaged in the research,
29 development, implementation, and commercialization of innovative technologies,
30 products, and services for use in the commercial marketplace;

31 (8) "Qualified Missouri business", a Missouri business that is approved and
32 certified as a qualified knowledge-based company by MTC that meets at least one of the
33 following criteria:

34 (a) Any business owned by an individual;

35 (b) Any partnership, association, or corporation domiciled in Missouri; or

36 (c) Any corporation, even if a wholly owned subsidiary of a foreign corporation,
37 that has its business operations located primarily in Missouri or does substantially all of
38 such business's production in Missouri;

39 (9) "Qualified securities", a cash investment through any one or more forms of
40 financial assistance as provided under this subdivision that has been approved in form
41 and substance by MTC. Forms of such financial assistance may include:

42 (a) Any form of equity, which may include, but shall not be limited to:

43 a. A general or limited partnership interest;

- 44 **b. Common stock;**
- 45 **c. Preferred stock, with or without voting rights, without regard to seniority**
- 46 **position, and whether or not convertible into common stock; or**
- 47 **d. Any form of subordinate or convertible debt, or both, with warrants or other**
- 48 **means of equity conversion attached; or**
- 49 **(b) A debt instrument, such as a note or debenture that is secured or unsecured,**
- 50 **subordinated to the general creditors of the debtor and requiring no payments of**
- 51 **principal, other than principal payments required to be made out of any future profits**
- 52 **of the debtor, for at least a seven-year period after commencement of such debt**
- 53 **instrument's term;**
- 54 **(10) "Tax credit", a credit against the tax otherwise due under chapter 143,**
- 55 **excluding withholding tax imposed by sections 143.191 to 143.265, or otherwise due**
- 56 **under chapter 148 or 153.**
- 57 **3. (1) For all tax years beginning on or after January 1, 2023, a tax credit shall**
- 58 **be allowed for an investor's cash investment in the qualified securities of a qualified**
- 59 **Missouri business. If the qualified Missouri business is located in a community**
- 60 **described in subdivision (3) of subsection 2 of section 32.115, the credit shall be in a total**
- 61 **amount equal to seventy percent of such investor's cash investment in such qualified**
- 62 **Missouri business, subject to the limitations set forth in this subsection. Otherwise, the**
- 63 **credit shall be in a total amount equal to fifty percent of such investor's cash investment**
- 64 **in any qualified Missouri business, subject to the limitations set forth in this subsection.**
- 65 **If the amount by which that portion of the credit allowed by this section exceeds the**
- 66 **investor's tax liability in any one tax year, the remaining portion of the credit may be**
- 67 **carried forward to any of the five subsequent tax years or until the total amount of the**
- 68 **credit is used, whichever occurs first. If the investor is a permitted entity investor, the**
- 69 **credit provided by this section shall be claimed by the owners of the permitted entity**
- 70 **investor in proportion to their equity investment in the permitted entity investor.**
- 71 **(2) A cash investment in a qualified security shall be deemed to have been made**
- 72 **on the date of acquisition of the qualified security, as such date is determined in**
- 73 **accordance with the provisions of the Internal Revenue Code of 1986, as amended.**
- 74 **(3) The department and MTC shall not allow tax credits of more than fifty**
- 75 **thousand dollars for a single qualified Missouri business per investor who is a natural**
- 76 **person or permitted entity investor, or a total of two hundred fifty thousand dollars in**
- 77 **tax credits for a single year per investor who is a natural person or owner of a permitted**
- 78 **entity investor. No tax credits authorized by this section and section 348.274 shall be**
- 79 **allowed for any cash investments in qualified securities made in any year beginning**
- 80 **after December 31, 2032. The total amount of tax credits allowed under this section**

81 shall not exceed six million dollars during the tax years beginning on or after January 1,
82 2023, and ending on or before December 31, 2024. For each tax year thereafter, the total
83 amount of tax credits allowed under this section shall be increased by twenty percent of
84 the total amount of tax credits allowed in the immediately preceding tax year, so long as
85 the total amount of tax credits allowed in the immediately preceding tax year was issued
86 during the immediately preceding tax year. The balance of unissued tax credits may be
87 carried over for issuance in future years until December 31, 2032. The balance of
88 unissued tax credits carried over, if any, shall not be used in the calculation of the total
89 amount of tax credits allowed in a given tax year.

90 (4) At the beginning of each calendar year, MTC shall equally designate the total
91 tax credits available during that calendar year to each geographic region comprised of
92 the boundaries of each congressional district, as such boundaries may be amended from
93 time to time, within Missouri.

94 (a) For any region that does not contain a community described in subdivision
95 (3) of subsection 2 of section 32.115, at the beginning of each calendar quarter, MTC
96 shall make available one-fourth of the total annual tax credits for each such region for
97 investments made in qualified Missouri businesses located in each such region.

98 (b) For any region that contains a community described in subdivision (3) of
99 subsection 2 of section 32.115, on January first and July first of each year, MTC shall
100 make available one-half of the total annual tax credits for each such region for
101 investments made in qualified Missouri businesses located in each such region.

102 (c) As soon as practicable at the end of each calendar quarter, MTC shall
103 prepare and issue a report to the director of the department designating all tax credit
104 awards for that quarter, so that the department may issue such tax credits in accordance
105 with the provisions of this section and section 348.274. The report shall aggregate any
106 unissued tax credits allocated to any region for any calendar quarter and divide such
107 unissued tax credits equally over each other region and make such credits available for
108 the following calendar quarter, which shall be in addition to the new allocation of tax
109 credits available to that region for the calendar quarter. Except as set forth in
110 subdivision (5) of this subsection, tax credits described in paragraph (b) of this
111 subdivision shall not be eligible for reallocation until the end of the semi-annual period
112 in which they were made available.

113 (5) During the fourth calendar quarter, any unissued tax credits allocated to any
114 region, which shall include the aggregate tax credits that have been reallocated under
115 the provisions of this subsection and any unissued tax credits allocated for the fourth
116 quarter, may be awarded in any region.

117 **4. (1) Before an investor may be entitled to receive tax credits under this section**
118 **and section 348.274, such investor shall have made a cash investment in a qualified**
119 **security of a qualified Missouri business. The business shall have been approved as a**
120 **qualified Missouri business before the date on which the cash investment was made. To**
121 **be designated as a qualified Missouri business, a business shall apply to MTC in**
122 **accordance with the provisions of this section.**

123 **(2) The application by a business shall be in the form and substance as required**
124 **by MTC, in coordination with the department by and through its service on MTC board**
125 **of directors, but shall include at least the following:**

126 **(a) The name of the business and certified copies of the organizational**
127 **documents of the business;**

128 **(b) A business plan, including a description of the business and the management,**
129 **product, market, and financial plan of the business;**

130 **(c) A statement of the potential economic impact of the business, including the**
131 **number, location, and types of jobs expected to be created;**

132 **(d) A description of the qualified securities to be issued, the consideration to be**
133 **paid for the qualified securities, and the amount of any tax credits requested;**

134 **(e) A statement of the amount, timing, and projected use of the proceeds to be**
135 **raised from the proposed sale of qualified securities; and**

136 **(f) Such other information as may be reasonably requested.**

137 **(3) The designation of a business as a qualified Missouri business shall be made**
138 **by MTC, and such designation shall be renewed annually. A business shall be so**
139 **designated if MTC determines, based upon the application submitted by the business**
140 **and any additional information provided in connection with such application, that such**
141 **business meets established criteria, including at least the following:**

142 **(a) The business shall not have had annual gross revenues of more than five**
143 **million dollars in the most recent tax year of the business;**

144 **(b) Businesses that are not deemed to be bioscience businesses shall have been in**
145 **operation for less than five years, and businesses deemed to be bioscience businesses**
146 **shall have been in operation for less than ten years;**

147 **(c) The ability of investors in the business to receive tax credits for cash**
148 **investments in qualified securities of the business is beneficial to advancing the goals of**
149 **this section and section 348.274;**

150 **(d) The business shall not have ownership interests including, but not limited to,**
151 **common or preferred shares of stock that can be traded via a public stock exchange**
152 **before the date that a qualifying investment is made;**

- 153 (e) The business shall not be engaged primarily in any one or more of the
154 following enterprises:
- 155 a. The business of banking, savings and loan or lending institutions, credit or
156 finance, or financial brokerage or investments;
- 157 b. The provision of professional services, such as legal, accounting, or
158 engineering services; however, contract research organizations and manufacturing
159 organizations, sometimes referred to as CROs or CMOs, shall not be subject to this
160 exclusion;
- 161 c. Governmental, charitable, religious, or trade organizations;
- 162 d. The ownership, development brokerage, sales, or leasing of real estate;
- 163 e. Insurance;
- 164 f. Construction, construction management, or contracting;
- 165 g. Business consulting or brokerage;
- 166 h. Any business engaged primarily as a passive business, having irregular or
167 noncontiguous operations, or deriving substantially all of the income of the business
168 from passive investments that generate interest, dividends, royalties, or capital gains, or
169 any business arrangements, the effect of which is to immunize an investor from risk of
170 loss;
- 171 i. Any activity that is in violation of the law;
- 172 j. Any business raising money primarily to purchase real estate, land, or
173 fixtures; and
- 174 k. Any gambling-related business;
- 175 (f) The business has a reasonable chance of success;
- 176 (g) The business has the reasonable potential to create measurable employment
177 within the region, this state, or both;
- 178 (h) The business is based on an innovative technology, product, or service
179 designed to be used in the commercial marketplace;
- 180 (i) The existing owners of the business and other founders have made or are
181 committed to make a substantial financial or time commitment to the business;
- 182 (j) The securities to be issued and purchased are qualified securities;
- 183 (k) The business has the reasonable potential to address the needs and
184 opportunities specific to the region, this state, or both;
- 185 (l) The business has made binding commitments to MTC for adequate reporting
186 of financial data, including a requirement for an annual report, or, if required, an
187 annual audit of the financial and operational records of the business, the right of access
188 to the financial records of the business, the right of the department and MTC to record
189 and publish normal and customary data and information related to the issuance of tax

190 credits that are not otherwise determined to be trade or business secrets, and other such
191 protections as may be in the best interest of Missouri taxpayers to achieve the goals of
192 this section and section 348.274; and

193 (m) The business shall satisfy all other requirements of this section and section
194 348.274.

195 (4) A qualified Missouri business shall have the burden of proof to demonstrate
196 the qualifications of the business under this section.

197 (5) MTC may charge a fee to the recipient of any tax credits issued pursuant to
198 this section in an amount up to four percent of the amount of tax credits issued. Such
199 fee shall be paid by the recipient upon the issuance of the tax credits. MTC shall use the
200 fees collected pursuant to this subdivision to promote the goals of this section and
201 section 348.274.

348.274. 1. (1) MTC is authorized to allocate tax credits to qualified Missouri
2 businesses, and the department is authorized to issue tax credits to qualified investors in
3 such qualified Missouri businesses. Such tax credits shall be allocated to those qualified
4 Missouri businesses that, as determined by MTC, are most likely to provide the greatest
5 economic benefit to the region, the state, or both. MTC may allocate, and the
6 department may issue, whole or partial tax credits in accordance with the report issued
7 to the director of the department based on MTC's assessment of the qualified Missouri
8 businesses. MTC may consider numerous factors in such assessment including, but not
9 limited to, the quality and experience of the management team, the size of the estimated
10 market opportunity, the risk from current or future competition, the ability to defend
11 intellectual property, the quality and utility of the business model, and the quality and
12 reasonableness of financial projections for the business.

13 (2) Each qualified Missouri business, for which MTC has allocated tax credits
14 such that the department can issue tax credits to the qualified investors of such qualified
15 Missouri business, shall submit to MTC a report before such tax credits are issued.
16 Such report shall include the following:

17 (a) The name, address, and taxpayer identification number of each investor who
18 has made a cash investment in the qualified securities of the qualified Missouri business;

19 (b) Proof of such investment, including copies of the securities' purchase
20 agreements and cancelled checks or wire transfer receipts; and

21 (c) Such other information as may be reasonably required under section 348.273
22 and this section.

23 2. (1) The state of Missouri shall not be held liable for any damages to any
24 investor that makes an investment in any qualified security of a qualified Missouri
25 business, any business that applies to be designated as a qualified Missouri business and

26 is turned down, or any investor that makes an investment in a business that applies to be
27 designated as a qualified Missouri business and is turned down.

28 (2) Each qualified Missouri business shall have the obligation to notify MTC,
29 which shall notify the director of the department, of any changes in the qualifications of
30 the business or in the eligibility of investors to claim a tax credit for cash investment in a
31 qualified security.

32 (3) The director of the department, in cooperation with MTC, shall provide the
33 information specified under subdivision (3) of subsection 4 of this section to the director
34 of the department of revenue on an annual basis. MTC shall conduct an annual review
35 of the activities undertaken under this section and section 348.273 to ensure that tax
36 credits issued under this section and section 348.273 are issued in compliance with the
37 provisions of this section and section 348.273 or rules and regulations promulgated by
38 MTC or the department with respect to this section and section 348.273. The reasonable
39 costs of the annual review shall be paid by MTC according to a reasonable fee schedule
40 adopted by MTC in cooperation with the department by and through its service on
41 MTC board of directors.

42 (4) If MTC determines that a business is not in substantial compliance with the
43 requirements under this section and section 348.273 to maintain its designation, the
44 department or MTC, by written notice, may inform the business that such business will
45 lose its designation as a qualified Missouri business one hundred twenty days from the
46 date of mailing of the notice unless such business corrects the deficiencies and is once
47 again in compliance with the requirements for designation.

48 (5) At the end of the one hundred twenty-day period, if the qualified Missouri
49 business is still not in substantial compliance, the department or MTC may send a notice
50 of loss of designation to the business, the director of the department of revenue, and to
51 all known investors in the business.

52 (6) A business may lose its designation as a qualified Missouri business under
53 this section and section 348.273 by moving either its headquarters or a substantial
54 number of the jobs created in Missouri to a location outside Missouri within ten years
55 after receiving financial assistance under this section and section 348.273.

56 (7) In the event that a business loses its designation as a qualified Missouri
57 business, such business shall be precluded from being issued any additional tax credits
58 with respect to the business, shall be precluded from being approved as a qualified
59 Missouri business, and shall be subject to an appropriate clawback provision that MTC,
60 in cooperation with the department by and through its service on MTC board of
61 directors, provides for in connection with the administration of section 348.273 and this
62 section.

63 **(8) Investors in a qualified Missouri business shall be entitled to keep all of the**
64 **tax credits properly issued to such investors under this section and section 348.273.**

65 **(9) The portions of documents and other materials submitted to the department**
66 **or MTC that contain confidential information shall be kept confidential and shall be**
67 **maintained in a secured environment. For the purposes of this section and section**
68 **348.273, confidential information may include, but not be limited to, such portions of**
69 **trade secrets, documents, any customer lists, and other materials; any formula,**
70 **compound, production data, or compilation of information that will allow certain**
71 **individuals within a commercial concern using such portions of documents and other**
72 **material the means to fabricate, produce, or compound an article of trade; or any**
73 **service having commercial value which gives the user an opportunity to obtain a**
74 **business advantage over competitors who do not know or use such service.**

75 **(10) The department and MTC may prepare and adopt procedures and rules**
76 **and publish guidelines concerning the performance of the duties placed upon each**
77 **respective entity by this section and section 348.273. Any rule or portion of a rule, as**
78 **that term is defined in section 536.010, that is created under the authority delegated in**
79 **this section shall become effective only if it complies with and is subject to all of the**
80 **provisions of chapter 536 and, if applicable, section 536.028. This section and chapter**
81 **536 are nonseverable and if any of the powers vested with the general assembly**
82 **pursuant to chapter 536 to review, to delay the effective date, or to disapprove and annul**
83 **a rule are subsequently held unconstitutional, then the grant of rulemaking authority**
84 **and any rule proposed or adopted after August 28, 2023, shall be invalid and void.**

85 **3. Any qualified investor who makes a cash investment in a qualified security of**
86 **a qualified Missouri business may transfer the tax credits such qualified investor may**
87 **receive under subsection 3 of section 348.273 to any natural person. Such transferee**
88 **may claim the tax credit against the transferee's Missouri income tax liability as**
89 **provided in subdivision (1) of subsection 3 of section 348.273, subject to all restrictions**
90 **and limitations set forth in this section and section 348.273. Documentation of any tax**
91 **credit transfer under this section shall be provided by the qualified investor in the**
92 **manner established by MTC and the department, by and through its service on MTC**
93 **board of directors.**

94 **4. (1) Each qualified Missouri business for which tax credits were issued under**
95 **this section and section 348.273 shall report to MTC on an annual basis, on or before**
96 **February first. MTC shall provide copies of the reports to the department under**
97 **appropriate confidentiality agreements as may be necessary under the circumstances.**
98 **Such reports shall include the following:**

99 **(a) The name, address, and taxpayer identification number of each investor who**
100 **has made a cash investment in the qualified securities of the qualified Missouri business**
101 **and has received tax credits for this investment during the preceding year;**

102 **(b) The amounts of cash investments by each investor and a description of the**
103 **qualified securities issued in consideration of such cash investments; and**

104 **(c) Such other information as may be reasonably required under section 348.273**
105 **and this section.**

106 **(2) MTC shall report quarterly to the director of the department on the**
107 **allocation of the tax credits in the preceding calendar quarter. Such reports shall**
108 **include:**

109 **(a) The amount of applications received;**

110 **(b) The number and ratio of successful applications to unsuccessful applications;**

111 **(c) The amount of tax credits allocated but not issued in the previous quarter,**
112 **including what percentage was allocated to individuals and what percentage was**
113 **allocated to investment firms; and**

114 **(d) Such other information as reasonably agreed upon from time to time.**

115 **(3) MTC and the department, as applicable, shall also report annually to the**
116 **governor, the director of the department of economic development, the president pro**
117 **tempore of the senate, and the speaker of the house of representatives, on or before**
118 **April first, on the allocation and issuance of the tax credits. Such reports shall include:**

119 **(a) The amount of tax credits issued in the previous fiscal year, including what**
120 **percentage was issued to individuals and what percentage was issued to investment**
121 **firms;**

122 **(b) The types of businesses that benefitted from the tax credits;**

123 **(c) The amount of allocated but unissued tax credits and the information about**
124 **the unissued tax credits set forth in subdivision (2) of this subsection;**

125 **(d) Any aggregate job creation or capital investment in the region that resulted**
126 **from the use of the tax credits for a period of five years beginning from the date on**
127 **which the tax credits were awarded;**

128 **(e) The manner in which the purpose of this section and section 348.273 has been**
129 **carried out with regard to a region;**

130 **(f) The total cash investments made for the purchase of qualified securities of**
131 **qualified Missouri businesses within each region during the preceding year and**
132 **cumulatively since the effective date of this section and section 348.273;**

133 **(g) An estimate of jobs created and jobs preserved by cash investments made in**
134 **qualified Missouri businesses within each region;**

135 (h) An estimate of the multiplier effect on the economy of each region of the cash
136 investments made under this section and section 348.273; and

137 (i) Information regarding what businesses deriving benefits from the tax credits
138 remained in the region, what businesses ceased business, what businesses were
139 purchased, and what businesses may have moved out of a region or the state.

140 (4) Any violation of the reporting requirements of this subsection by a qualified
141 Missouri business may be grounds for the loss of designation of such qualified Missouri
142 business, and any such business that loses its designation as a qualified Missouri
143 business shall be subject to the restrictions upon loss of designation set forth in
144 subsection 2 of this section.

145 5. Notwithstanding the provisions of section 23.253 of the Missouri sunset act:

146 (1) The provisions of the new program authorized under section 348.273 and this
147 section shall automatically sunset December 31, 2032, unless reauthorized by an act of
148 the general assembly;

149 (2) If such program is reauthorized, the program authorized under section
150 348.273 and this section shall automatically sunset twelve years after the effective date of
151 the reauthorization.

152 (3) Section 348.273 and this section shall terminate on September first of the
153 calendar year immediately following the calendar year in which the program authorized
154 under section 348.273 and this section are sunset.

155 (4) The provisions of this subsection shall not be construed to limit or in any way
156 impair the department of revenue's ability to redeem tax credits authorized on or before
157 the date the program authorized pursuant to this section and section 348.273 expires or
158 a taxpayer's ability to redeem such tax credits.

620.3500. Sections 620.3500 to 620.3530 shall be known and may be cited as the
2 "Missouri Rural Access to Capital Act".

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

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

8 (2) "Affiliate capital", capital raised by the rural investor directly or indirectly
9 from sources, including leverage sources, directors, members, employees, officers, and
10 affiliates of the rural investor, other than the amount invested by the allocatee claiming
11 the tax credits in exchange for such allocation of tax credits;

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

20 **(4) "Applicable percentage", zero percent for the initial credit allowance date**
21 **and the second credit allowance date, and fifteen percent for the next four credit**
22 **allowance dates;**

23 **(5) "Base employment", the total number of qualified employees receiving**
24 **taxable wages from the eligible business in the tax year preceding the date of the initial**
25 **capital investment;**

26 **(6) "Base payroll", the total amount of taxable wages paid by the eligible**
27 **business to qualified employees in the tax year preceding the date of the initial capital**
28 **investment;**

29 **(7) "Base revenue", the total net revenue earned by the eligible business in the**
30 **tax year preceding the date of the initial capital investment;**

31 **(8) "Base taxable sales", the taxable sales of the eligible business in the tax year**
32 **preceding the date of the initial investment;**

33 **(9) "Capital investment", any equity investment in a rural fund by a rural**
34 **investor which:**

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

37 **(b) Has one hundred percent of its cash purchase price used by the rural fund to**
38 **make qualified investments in eligible businesses located in this state by the third credit**
39 **allowance date; and**

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

45 **(10) "Credit allowance date", the anniversary of the initial credit allowance**
46 **date;**

47 **(11) "Department", the Missouri department of economic development;**

48 **(12) "Eligible business", a business that, at the time of the initial qualified**
49 **investment in the business:**

50 **(a) Has fewer than two hundred fifty employees;**

51 **(b) Has its principal business operations in this state;**

52 **(c) Is engaged in North American Industry Classification System (NAICS)**
53 **Sectors 11, 21, 22, 31-33, 48-49, 62, or 811, or, if not engaged in such industries, the**
54 **department determines that such investment will be beneficial to the rural area and**
55 **economic growth of the state;**

56 **(d) Does not knowingly employ any individual who is unlawfully present in this**
57 **country; and**

58 **(e) Is located or has committed to locate in a rural area in this state.**

59

60 **Any business which is classified as an eligible business at the time of the initial**
61 **investment in such business by a rural fund shall remain classified as an eligible**
62 **business and may receive follow-on investments from any rural fund, and such follow-**
63 **on investments shall be qualified investments even though such business may not meet**
64 **paragraph (a) of this subdivision at the time of such investments;**

65 **(13) "Full-time employee", an employee of an eligible business who is scheduled**
66 **to work an average of at least thirty-five hours per week for a twelve-month period;**

67 **(14) "Initial credit allowance date", the date on which the department certifies a**
68 **rural fund's capital investment;**

69 **(15) "Leverage source", third party capital raised as debt from a depository**
70 **institution;**

71 **(16) "Maintained job", the number of qualified employees at the eligible**
72 **business at or below base employment;**

73 **(17) "Maintained payroll", the total taxable wages paid by the eligible business**
74 **to qualified employees at or below base payroll;**

75 **(18) "Maintained revenue", the total revenue earned by the eligible business at**
76 **or below base revenue;**

77 **(19) "Maintained taxable sales", the total taxable sales of the eligible business at**
78 **or below base taxable sales;**

79 **(20) "New jobs", the number of qualified employees at the eligible business less**
80 **the eligible business' base employment;**

81 **(21) "New payroll", the amount of taxable wages paid to qualified employees at**
82 **the eligible business less the eligible business' base payroll;**

83 **(22) "New revenue", the total revenue earned by the eligible business less the**
84 **eligible business' base revenue;**

85 **(23) "New taxable sales", the total taxable sales of the eligible business less the**
86 **eligible business' base taxable sales;**

87 **(24) "Principal business operations", the location where at least sixty percent of**
88 **a business's employees work or where employees who are paid at least sixty percent of**
89 **such business's payroll work. A business that has agreed to relocate employees using the**
90 **proceeds of a qualified investment to establish its principal business operations in a new**
91 **location shall be deemed to have its principal business operations in such new location if**
92 **it satisfied the requirements of this subdivision no later than one hundred eighty days**
93 **after receiving a qualified investment;**

94 **(25) "Purchase price", the amount paid to the rural fund that issues a capital**
95 **investment which shall not exceed the amount of capital investment authority certified**
96 **under the provisions of section 620.3510;**

97 **(26) "Qualified employee", an employee of an eligible business who is scheduled**
98 **to work an average of at least thirty-five hours per week for a twelve-month period or**
99 **meets the customary practices accepted by that industry as full time;**

100 **(27) "Qualified investment", any investment in an eligible business or any loan**
101 **to an eligible business with a stated maturity date of at least one year after the date of**
102 **issuance, excluding revolving lines of credit and senior secured debt unless the chief**
103 **executive or similar officer of the eligible business certifies that the eligible business**
104 **sought and was denied similar financing from a depository institution, by a rural fund;**
105 **provided that, with respect to any one eligible business, the maximum amount of**
106 **investments made in such business by one or more rural funds, on a collective basis with**
107 **all of the businesses' affiliates, with the proceeds of capital investments shall be the**
108 **greater of twenty percent of the rural fund's capital investment authority or six million**
109 **five hundred thousand dollars, exclusive of investments made with repaid or redeemed**
110 **investments or interest or profits realized thereon;**

111 **(28) "Rural area", any area of this state that is set out in the United States**
112 **Department of Agriculture census places map as published by the United States**
113 **Department of Agriculture with a census place population of less than fifty thousand**
114 **inhabitants;**

115 **(29) "Rural fund", an entity certified by the department under the provisions of**
116 **section 620.3510;**

117 **(30) "Rural investor", an entity that makes a capital investment in a rural fund;**

118 **(31) "Senior secured debt", any loan that is secured by a first mortgage on real**
119 **estate with a loan-to-value ratio of less than eighty percent;**

120 **(32) "State sharing ratio", the ratio equal to the sum of the actual and projected**
121 **direct and indirect state and local tax benefits following a rural fund's qualified**

122 investments in eligible businesses, including, but not limited to, the state and local tax
123 benefits from new jobs, maintained jobs, new payroll, maintained payroll, new revenue,
124 maintained revenue, new taxable sales, and maintained taxable sales, which direct and
125 indirect state and local tax benefits shall be determined using a nationally recognized
126 dynamic economic forecasting model, divided by the amount of tax credits earned by the
127 rural investor of such rural fund. The economic forecasting model used at the beginning
128 of the program shall be the same model used for the remainder of the program and shall
129 project state and local tax benefits for a minimum of ten years;

130 (33) "State tax liability", any liability incurred by any entity subject to the state
131 income tax imposed under chapter 143, excluding withholding tax imposed under
132 sections 143.191 to 143.265, or an insurance company paying an annual tax on its gross
133 premium receipts, including retaliatory tax, or other financial institution paying taxes to
134 the state or any political subdivision of the state under the provisions of chapter 148, or
135 an express company which pays an annual tax on its gross receipts in this state;

136 (34) "Taxable sales", taxable sales as reported to the Missouri department of
137 revenue, calculated as set forth in sections 144.010 to 144.525;

138 (35) "Third party capital", the difference between the rural fund's capital
139 investment and the sum of the amount invested by the allocatee claiming the tax credits
140 and the affiliate capital.

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

6 (1) The amount of capital investment requested;

7 (2) A copy of the applicant's or an affiliate of the applicant's license as a rural
8 business investment company under 7 U.S.C. Section 2009cc or as a small business
9 investment company under 15 U.S.C. Section 681 and a certificate executed by an
10 executive officer of the applicant attesting that such license remains in effect and has not
11 been revoked;

12 (3) Evidence that, as of the date the application is submitted, the applicant or
13 affiliates of the applicant have invested:

14 (a) At least one hundred million dollars in nonpublic companies located in
15 counties within the United States with a population of less than fifty thousand according
16 to the 2020 decennial census of the United States; and

17 (b) At least thirty million dollars in nonpublic companies located in Missouri;

18 **(4) A business plan that includes a revenue impact assessment projecting state**
19 **and local tax revenue to be generated by the applicant's proposed qualified investments,**
20 **prepared by a nationally recognized, third-party, independent economic forecasting**
21 **firm using the same dynamic economic forecasting model used to calculate the state**
22 **sharing ratio that analyzes the applicant's business plan in yearly increments over the**
23 **ten years following the date the application is submitted to the department. Such plan**
24 **shall include an estimate of the new and maintained jobs, new and maintained payroll,**
25 **new and maintained revenue, and new and maintained taxable sales in this state as a**
26 **result of the applicant's qualified investments; and**

27 **(5) A nonrefundable application fee of five thousand dollars payable to the**
28 **department.**

29 **2. Within sixty days after the receipt of a completed application, the department**
30 **shall grant or deny the application in full or in part. The department shall deny the**
31 **application if:**

32 **(1) The applicant does not satisfy all of the criteria provided under subsection 1**
33 **of this section;**

34 **(2) The revenue impact assessment submitted with the application does not**
35 **demonstrate that the applicant's business plan will result in a positive fiscal impact on**
36 **this state over a ten-year period that exceeds the cumulative amount of tax credits that**
37 **would be issued to the applicant if the application were approved; or**

38 **(3) The department has already approved the maximum amount of capital**
39 **investment authority under section 620.3515.**

40 **3. If the department denies any part of the application, it shall inform the**
41 **applicant of the grounds for such denial. If the applicant provides any additional**
42 **information required by the department or otherwise completes its application within**
43 **fifteen days of the notice of denial, the application shall be considered complete as of the**
44 **original date of resubmission. If the applicant fails to provide the information or fails to**
45 **complete its application within the fifteen-day period, the application shall remain**
46 **denied and shall be resubmitted in full with a new submission date and a new**
47 **application fee.**

48 **4. Upon approval of an application, the department shall certify the proposed**
49 **equity investment as a capital investment eligible for credits under sections 620.3500 to**
50 **620.3530, subject to the limitations contained in section 620.3515. The department shall**
51 **provide written notice of the certification to the applicant, which shall include the**
52 **amount of the applicant's capital investment authority. The department shall certify**
53 **capital investments in the order that the applications are received by the department.**
54 **Applications received on the same day shall be deemed to have been received**

55 simultaneously. For applications that are complete and received on the same day, the
56 department shall certify applications in proportionate percentages based upon the ratio
57 of the amount of capital investment authority requested in an application to the total
58 amount of capital investment authority requested in all applications.

620.3515. 1. The department shall certify capital investment authority under the
2 provisions of sections 620.3500 to 620.3530 in amounts that would authorize not more
3 than sixteen million dollars in state tax credits to be claimed against state tax liability in
4 any calendar year, excluding any credit amounts carried forward as provided under
5 subsection 1 of section 620.3520. Within ninety days of the applicant receiving notice of
6 certification, the rural fund shall issue the capital investment to, and receive cash in the
7 amount of the certified amount from, a rural investor. At least ten percent of the rural
8 investor's capital investment shall be composed of affiliate capital. The rural fund shall
9 provide the department with evidence of the receipt of the cash investment within
10 ninety-five days of the applicant receiving notice of certification. Such evidence shall
11 include details of the third-party capital raised, including from any leverage source.

12 2. If the rural fund does not receive the cash investment and issue the capital
13 investment within such time period following receipt of the certification notice, the
14 certification shall lapse and the rural fund shall not issue the capital investment without
15 reapplying to the department for certification. Lapsed certifications shall revert to the
16 department and shall be reissued pro rata to applicants whose capital investment
17 allocations were reduced during the immediately preceding application cycle in
18 accordance with the application process provided under subsection 4 of section
19 620.3510. Any lapsed certification not reissued within the same calendar year as the
20 lapsed certification was issued shall not be reissued.

21 3. A rural fund, before making a qualified investment, may request from the
22 department a written opinion as to whether the business in which it proposes to invest is
23 an eligible business. Such request shall be on a form developed by the department to be
24 completed by the eligible business and the rural fund. If the department fails to notify
25 the rural fund of its determination by the twentieth business day following its receipt of
26 the completed form and all information necessary to form its opinion, the business in
27 which the rural fund proposes to invest shall be deemed an eligible business.

620.3520. 1. Upon making a capital investment in a rural fund, a rural investor
2 shall have a vested right to earn a tax credit that will be issued by the department that
3 may be used against such entity's state tax liability that may be utilized on each credit
4 allowance date of such capital investment in an amount equal to the applicable
5 percentage for such credit allowance date multiplied by the purchase price paid to the
6 rural fund for the capital investment. The amount of the credit claimed by a rural

7 investor shall not exceed the amount of such entity's state tax liability for the tax year
8 for which the credit is claimed. Any amount of credit that a rural investor is prohibited
9 from claiming in a taxable year as a result of this section may be carried forward for use
10 in any of the five subsequent taxable years, and shall not be carried back to prior
11 taxable years. A rural investor claiming a credit under the provisions of sections
12 620.3500 to 620.3530 shall not incur any additional tax that may arise as a result of
13 claiming such credit.

14 2. No credit claimed under the provisions of sections 620.3500 to 620.3530 shall
15 be refundable or sellable on the open market. Credits earned by or allocated to a
16 partnership, limited liability company, or S-corporation may be allocated to the
17 partners, members, or shareholders of such entity for their direct use in accordance
18 with the provisions of any agreement among such partners, members, or shareholders,
19 and a rural fund shall notify the department of the names of the entities that are eligible
20 to utilize credits pursuant to an allocation of credits or a change in allocation of credits,
21 or due to a transfer of a capital investment upon such allocation, change, or transfer.
22 Such allocation shall not be considered a sale for the purposes of this section.

23 3. The department may recapture credits from a taxpayer that claimed a credit
24 authorized under this section if:

25 (1) The rural fund does not invest sixty percent of its capital investment
26 authority in qualified investments in this state within two years of the credit allowance
27 date, and one hundred percent of its capital investment authority in qualified
28 investments in this state within three years of the credit allowance date, provided that
29 at least seventy percent of such initial qualified investments shall be made in eligible
30 businesses located in rural areas or eligible businesses that are also agribusinesses. In
31 no event shall more than thirty percent of such initial qualified investments be made in
32 eligible businesses located outside of a rural area;

33 (2) The rural fund fails to maintain qualified investments equal to ninety percent
34 of its capital investment authority from the third until the sixth credit allowance date,
35 with seventy percent of such investments maintained in eligible businesses located in
36 rural areas or eligible businesses that are also agribusinesses, provided that in no event
37 shall more than thirty percent of such qualified investments be made in eligible
38 businesses located outside of a rural area. For each year the rural fund fails to maintain
39 such investments, the department may recapture an amount of such year's allowed
40 credits equal to the percentage difference between ninety percent of a rural fund's
41 capital investment authority and the actual amount of qualified investments maintained
42 for such year. For the purposes of this subdivision, a qualified investment is considered
43 maintained even if the qualified investment was sold or repaid so long as the rural fund

44 reinvests an amount equal to the capital returned or recovered by the rural fund from
45 the original investment, exclusive of any profits realized, in other qualified investments
46 in this state within twelve months of the receipt of such capital. Amounts received
47 periodically by a rural fund shall be treated as continually invested in qualified
48 investments if the amounts are reinvested in one or more qualified investments by the
49 end of the following calendar year. A rural fund shall not be required to reinvest capital
50 returned from qualified investments after the fifth credit allowance date, and such
51 qualified investments shall be considered held continuously by the rural fund through
52 the sixth credit allowance date;

53 (3) The rural fund, before exiting the program in accordance with sections
54 620.3500 to 620.3530 or prior to thirty days after the sixth credit allowance date,
55 whichever is earlier, makes a distribution or payment that results in the rural fund
56 having less than one hundred percent of its capital investment authority invested in
57 qualified investments in this state or held in cash or other marketable securities; or

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

61

62 For the purposes of meeting and maintaining the objectives established for investment
63 in subdivisions (1) and (2) of this subsection, a rural fund's qualified investments shall
64 be multiplied by a factor of one and a quarter in counties with less than thirty thousand
65 in population and more than thirteen thousand in population and shall be multiplied by
66 a factor of one and a half in counties with a population of thirteen thousand or less
67 according to the most recent decennial census.

68 4. No recapture shall occur until the rural fund has been given notice of
69 noncompliance and afforded six months from the date of such notice to cure the
70 noncompliance.

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

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

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

620.3530. 1. Rural funds shall submit a report to the department within the first fifteen business days after the second and third credit allowance date. The report following the second credit allowance date shall provide documentation as to the investment of sixty percent of the purchase price of such capital investment in qualified investments. The report following the third credit allowance date shall provide documentation as to the investment of one hundred percent of the purchase price of such capital investment in qualified investments. For all subsequent years, rural funds shall submit an annual report to the department within ninety days of the beginning of the calendar year during the compliance period. Unless previously reported pursuant to this subsection, such reports shall also include:

(1) The name and location of each eligible business receiving a qualified investment;

(2) Bank statements of such rural fund evidencing each qualified investment;

(3) A copy of the written opinion of the department, as provided in subsection 3 of section 620.3515, or evidence that such business was an eligible business at the time of such qualified investment, as applicable;

(4) The total number of new jobs, maintained jobs, new payroll, maintained payroll, new revenue, and maintained revenue by each eligible business receiving a qualified investment from a rural fund; and

(5) Such other information as required by the department.

2. The program authorized pursuant to sections 620.3500 to 620.3530 shall be considered a business recruitment tax credit under subdivision (4) of subsection 2 of section 135.800, and any rural fund approved under this program shall be subject to the provisions of sections 135.800 to 135.830.

3. On or after the sixth anniversary of the initial credit allowance date, a rural fund may apply to the department to exit the program and no longer be subject to regulation under the provisions of sections 620.3500 to 620.3530. Such request shall be on a form developed by the department to be completed by the rural fund. The department shall respond to the exit application within thirty days of receipt of the completed form. In evaluating the exit application, the fact that no credits have been recaptured and that the rural fund has not received a notice of recapture that has not been cured pursuant to subsection 4 of section 620.3520 shall be sufficient evidence to prove that the rural fund is eligible for exit. The department shall not unreasonably deny, delay, or withhold its determination of an exit application submitted under this subsection. If the exit application is denied, the notice shall include the reasons for such determination.

37 **4. Upon exit from the program in accordance with subsection 3 of this section, in**
38 **the event the state sharing ratio is less than one, the state shall receive a share of**
39 **distributions made with respect to the capital investment raised by the rural fund equal**
40 **to one minus the state sharing ratio multiplied by the amount of tax credits earned by**
41 **the rural investor of such rural fund, provided the rural fund may make distributions to**
42 **make payments on the leverage source in an amount not to exceed principal and interest**
43 **owed on the leverage source.**

44 **5. Pursuant to section 23.253 of the Missouri sunset act:**

45 **(1) The program authorized under sections 620.3500 to 620.3530 shall expire on**
46 **August 28, 2029, unless reauthorized by the general assembly; and**

47 **(2) Sections 620.3500 to 620.3530 shall terminate on September first of the**
48 **calendar year immediately following the calendar year in which the program authorized**
49 **under sections 620.3500 to 620.3530 is sunset; and**

50 **(3) If such program is reauthorized, the program authorized under sections**
51 **620.3500 to 620.3530 shall automatically sunset six years after the effective date of the**
52 **reauthorization of sections 620.3500 to 620.3530; and**

53 **(4) Nothing in this subsection shall preclude a rural fund that has received**
54 **certified capital investment authority from the department prior to the expiration of**
55 **sections 620.3500 to 620.3530 from issuing the capital investment pursuant to that**
56 **authority in accordance with sections 620.3500 to 620.3530.**

57 **6. The department may adopt such rules, statements of policy, procedures,**
58 **forms, and guidelines as may be necessary to carry out the provisions of sections**
59 **620.3500 to 620.3530. Any rule or portion of a rule, as that term is defined in section**
60 **536.010, that is created under the authority delegated in this section shall become**
61 **effective only if it complies with and is subject to all of the provisions of chapter 536 and,**
62 **if applicable, section 536.028. This section and chapter 536 are nonseverable and if any**
63 **of the powers vested with the general assembly pursuant to chapter 536 to review, to**
64 **delay the effective date, or to disapprove and annul a rule are subsequently held**
65 **unconstitutional, then the grant of rulemaking authority and any rule proposed or**
66 **adopted after August 28, 2023, shall be invalid and void.**

 Section B. The enactment of section 135.753 of section A of this act shall become
2 effective January 1, 2024.

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