

HCS HB 389 -- TAX CREDITS FOR QUALIFIED RESEARCH EXPENSES

SPONSOR: Engler

COMMITTEE ACTION: Voted "Do Pass" by the Committee on Economic Development by a vote of 21 to 5.

Currently, no tax credits for qualified research expenses can be approved, awarded, or issued. This substitute removes these restrictions and authorizes a tax credit of up to 6.5% of a taxpayer's qualified research expenses. The annual aggregate cap on the amount of these tax credits that can be authorized by the Department of Economic Development is \$10 million.

Qualified research expenses will be limited to those incurred in the research and development of agricultural biotechnology, plant genomics products, diagnostic and therapeutic medical devices, or prescription pharmaceuticals consumed by animals. Expenses incurred in the research, development, or manufacture of power system technology for aerospace, space, defense, or implantable or wearable medical devices are also permitted.

The department director may allow a taxpayer to transfer up to 40% of the tax credits issued, but not yet claimed, between January 1, 2014, and December 31, 2020. The department director must act between August 1 and August 15 on tax credit applications filed between January 1 and July 1 for claims from the previous year.

The formula is specified by which tax credits will be issued if the eligible claims for the credits exceed the annual cap. No one taxpayer can be issued more than 30% of the total amount of tax credits authorized in any calendar year.

PROPOSERS: Supporters say that the bill will spur research and create high paid jobs and that without it these jobs will go elsewhere.

Testifying for the bill were Representative Zerr; Missouri Biotechnology Association; Jim Kroman, Boehringer Ingelheim Vetmedica, Inc.; Missouri Chamber of Commerce; Astellas Pharma US, INC.; Pfizer, Inc.; Monsanto; Tricia Workman, St. Louis Regional Chamber of Commerce; EaglePicher Technologies, LLC; Center for Emerging Technologies; Jim Farrell, Cortex; and Associated Industries of Missouri.

OPPOSERS: Those who oppose the bill say that it could allow tax credits to be used for human cloning.

Testifying against the bill was Missouri Right to Life.