

FIRST REGULAR SESSION

HOUSE BILL NO. 688

99TH GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVE MCCAHERTY.

1477H.011

D. ADAM CRUMBLISS, Chief Clerk

AN ACT

To amend chapter 135, RSMo, by adding thereto one new section relating to a benevolent tax credit for certain organizations.

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

Section A. Chapter 135, RSMo, is amended by adding thereto one new section, to be known as section 135.435, to read as follows:

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

(1) "Contribution", a donation of cash; stock, bonds, or other marketable securities; or real property;

(2) "Department", the department of corrections;

(3) "Director", the director of the department of corrections;

(4) "Ex-offender", a person who is paroled, discharged, or otherwise released from any correctional facility of the department of corrections or any mental health institution where such person was confined;

(5) "Qualified organization", an organization exempt from taxation under section 501(c)(3) of the Internal Revenue Code, including any faith-based organization, that provides assistance to ex-offenders to promote or encourage healthy reintegration into society and avoid reincarceration and that has operated in such capacity for longer than five years and enrolls a minimum of twenty ex-offenders per year;

(6) "State tax liability", in the case of a business taxpayer, any liability incurred by such taxpayer pursuant to the provisions of chapters 143, 148, and 153, excluding sections 143.191 to 143.265 and related provisions, and, in the case of an individual taxpayer, any

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.

17 liability incurred by such taxpayer under the provisions of chapter 143, excluding sections
18 143.191 to 143.265 and related provisions;

19 (7) "Taxpayer", a person, firm, a partner in a firm, corporation, or shareholder in
20 an S corporation doing business in the state of Missouri and subject to the state income tax
21 imposed by the provisions of chapter 143, or an insurance company paying an annual tax
22 on its gross premium receipts in this state, or other financial institution paying taxes to the
23 state of Missouri or any political subdivision of this state under the provisions of chapter
24 148, or an express company that pays an annual tax on its gross receipts in this state
25 pursuant to chapter 153, or an individual subject to the state income tax imposed by the
26 provisions of chapter 143, or any charitable organization that is exempt from federal
27 income tax and whose Missouri unrelated business taxable income, if any, would be subject
28 to the state income tax imposed under chapter 143.

29 2. For all tax years beginning on or after January 1, 2018, a taxpayer shall be
30 allowed to claim a tax credit against the taxpayer's state tax liability in an amount equal
31 to fifty percent of the taxpayer's contribution to a qualified organization. The qualified
32 organization shall use the taxpayer's contribution to assist ex-offenders with the goal of
33 reducing recidivism.

34 3. Tax credits issued under this section are not refundable; however, any tax credit
35 that cannot be claimed for the tax year in which the contribution was made may be carried
36 over to the next four succeeding tax years until the full credit has been claimed.

37 4. Except for any excess credit which is carried over under subsection 3 of this
38 section, a taxpayer shall not be allowed to claim a tax credit unless the total amount of such
39 taxpayer's contribution or contributions to a qualified organization or organizations in
40 such taxpayer's tax year has a value of at least one hundred dollars.

41 5. The director shall determine, at least annually, which organizations in this state
42 may be classified as qualified organizations. The director may require of an organization
43 seeking to be classified as a qualified organization whatever information that is reasonably
44 necessary to make such a determination. The director shall classify an organization as a
45 qualified organization if such organization meets the definition set forth in subsection 1 of
46 this section.

47 6. The director shall establish a procedure by which a taxpayer can determine if
48 an organization has been classified as a qualified organization. Qualified organizations
49 shall be permitted to decline a contribution from a taxpayer. Upon receipt of a
50 contribution, the qualified organization shall issue to the taxpayer a statement evidencing
51 receipt of such donation, including the value of such donation.

52 7. Each qualified organization shall provide information to the director of revenue
53 concerning the identity of each taxpayer making a contribution to the qualified
54 organization who is claiming a tax credit under this section and the amount of the
55 contribution. The director of revenue shall not authorize more than two million dollars
56 in tax credits provided under this section in any calendar year. Contributions shall be
57 processed on a first-come, first-served basis. Contributions in excess of the tax credit cap
58 shall be placed in line for tax credits issued the following year, shall be given the
59 opportunity to completed without the expectation of a tax credit, or shall be returned to
60 the taxpayer.

61 8. (1) The department shall develop metrics based on recidivism that show the
62 major factors that increase the probability of an inmate returning to incarceration. Such
63 factors shall include, but not be limited to, the number of years since release, types of
64 offenses, and numbers of previous incarceration commitments.

65 (2) Using this data, the department shall create a practical number of categories
66 with average recidivism percentages, by year, assigned to each category.

67 (3) The department shall also track the ex-offenders assigned to 501(c)(3) aftercare
68 programs and, for the second through fifth years after release from prison, calculate the
69 recidivism rates for former inmates served by these programs.

70 (4) The recidivism rates for these aftercare programs shall be made available to the
71 public to allow the study of best practices and to evaluate the effectiveness of the
72 benevolent tax credit program created by this bill.

73 9. The provisions of this section shall not be construed to limit or in any way impair
74 the department of revenue's ability to issue tax credits authorized on or before the date the
75 program authorized under this section expires or a taxpayer's ability to redeem such tax
76 credits.

77 10. Under section 23.253 of the Missouri sunset act:

78 (1) The program established under this section shall automatically sunset on
79 December thirty-first six years after the enactment of this section unless reauthorized by
80 an act of the general assembly;

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

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

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