

FIRST REGULAR SESSION  
HOUSE COMMITTEE SUBSTITUTE FOR  
**HOUSE BILL NO. 688**  
**99TH GENERAL ASSEMBLY**

1477H.02C

D. ADAM CRUMBLISS, Chief Clerk

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**AN ACT**

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

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*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  
2 known as section 135.435, to read as follows:

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

- 2       **(1) "Contribution", a donation of cash; stock, bonds, or other marketable**  
3 **securities; or real property valued at the current property tax assessed valuation of the**  
4 **property. If a property has not been assessed or has no assessed valuation, then no credit**  
5 **shall be authorized for the donation of the property;**  
6       **(2) "Department", the department of corrections;**  
7       **(3) "Director", the director of the department of corrections;**  
8       **(4) "Ex-offender", a person who is paroled, discharged, or otherwise released from**  
9 **any correctional facility of the department of corrections or any mental health institution**  
10 **where such person was confined;**  
11       **(5) "Qualified organization", an organization exempt from taxation under section**  
12 **501(c)(3) of the Internal Revenue Code, including any faith-based organization, that**  
13 **provides assistance to ex-offenders to promote or encourage healthy reintegration into**  
14 **society and avoid reincarceration and that has operated in such capacity for longer than**  
15 **five years, enrolls a minimum of twenty ex-offenders per year, and has a recidivism rate**  
16 **less than the state average;**  
17       **(6) "State tax liability", in the case of a business taxpayer, any liability incurred by**  
18 **such taxpayer pursuant to the provisions of chapters 143, 148, and 153, excluding sections**

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.

19 143.191 to 143.265 and related provisions, and, in the case of an individual taxpayer, any  
20 liability incurred by such taxpayer under the provisions of chapter 143, excluding sections  
21 143.191 to 143.265 and related provisions;

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

32 2. For all tax years beginning on or after January 1, 2018, a taxpayer shall be  
33 allowed to claim a tax credit against the taxpayer's state tax liability in an amount equal  
34 to fifty percent of the taxpayer's contribution to a qualified organization. No contribution  
35 shall be used to purchase goods or services from or produce a direct financial benefit for  
36 the contributor. The qualified organization shall use the taxpayer's contribution to assist  
37 ex-offenders with the goal of reducing recidivism.

38 3. Tax credits issued under this section are not refundable; however, any tax credit  
39 that cannot be claimed for the tax year in which the contribution was made may be carried  
40 over to the next four succeeding tax years until the full credit has been claimed. No tax  
41 credits issued under the provisions of this section shall be assigned, transferred, or sold.

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

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

52 6. The director shall establish a procedure by which a taxpayer can determine if  
53 an organization has been classified as a qualified organization. Qualified organizations  
54 shall be permitted to decline a contribution from a taxpayer. Upon receipt of a

55 contribution, the qualified organization shall issue to the taxpayer a statement evidencing  
56 receipt of such donation, including the value of such donation.

57 7. Each qualified organization shall provide information to the director of revenue  
58 concerning the identity of each taxpayer making a contribution to the qualified  
59 organization who is claiming a tax credit under this section and the amount of the  
60 contribution. The director of revenue shall not authorize more than two million dollars  
61 in tax credits provided under this section in any calendar year. Contributions shall be  
62 authorized on a first-come, first-served basis.

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

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

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

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

75 (5) The department shall at least annually submit a report to the Missouri general  
76 assembly listing the qualified organizations participating, services offered, number of  
77 offenders served, recidivism rates, and the results of the metrics and other information  
78 developed by the department in this subsection. The report shall include a review of the  
79 costs and benefits of the program established in this section.

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

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

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

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

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

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