

SECOND REGULAR SESSION

HOUSE BILL NO. 1974

93RD GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVES ROBB (Sponsor) AND RICHARD (Co-sponsor).

Read 1st time March 8, 2006 and copies ordered printed.

STEPHEN S. DAVIS, Chief Clerk

5339L.011

AN ACT

To amend chapter 135, RSMo, by adding thereto one new section relating to a tax credit for qualified equity investments.

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 135.662, to read as follows:

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

(1) "Adjusted purchase price", the product of:

(a) The amount paid to the issuer of a qualified equity investment for such qualified equity investment; and

(b) The following fraction:

a. The numerator shall be the dollar amount of qualified low-income community investments held by the issuer of the qualified equity investments in this state, determined as of the immediately preceding credit allowance date; and

b. The denominator shall be the total dollar amount of qualified low-income community investments made by the issuer, determined as of the immediately preceding credit allowance date;

(2) "Applicable percentage", five percent for each credit allowance date;

(3) "Credit allowance date", with respect to any qualified equity investment:

(a) The date on which such investment is initially made; and

(b) Each of the six anniversary dates of such dates thereafter;

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

16 (4) "Qualified equity investment", the definition given in Section 45D of the
17 Internal Revenue Code of 1986, as amended;

18 (5) "Tax credit", a credit against the tax otherwise due under chapter 143, RSMo,
19 excluding withholding tax imposed in sections 143.191 to 143.265, RSMo, or otherwise due
20 under section 375.916, RSMo, or chapter 147, 148, or 153, RSMo;

21 (6) "Taxpayer", any individual or entity subject to the tax imposed in chapter 143,
22 RSMo, excluding withholding tax imposed in sections 143.191 to 143.265, RSMo, or the tax
23 imposed in section 375.916, RSMo, or chapter 147, 148, or 153, RSMo.

24 2. For all taxable years beginning on or after January 1, 2007, a taxpayer shall be
25 allowed a tax credit for qualified equity investments held on a credit allowance date of such
26 qualified equity investment during the taxable year for which the tax credit is claimed.
27 The tax credit amount shall be equal to the applicable percentage of the adjusted purchase
28 price paid to the issuer of such qualified equity investment for such investment on such
29 credit allowance date. The amount of the tax credit claimed shall not exceed the amount
30 of the taxpayer's state tax liability for the tax year for which the tax credit is claimed. No
31 tax credit claimed under this section shall be refundable or transferable. Any amount of
32 tax credit that the taxpayer is prohibited by this section from claiming in a taxable year
33 may be carried forward to any of the taxpayer's subsequent taxable years.

34 3. The issuer of the qualified equity investment shall certify to the department of
35 revenue the anticipated dollar amount of such investments to be made in the first twelve-
36 month period following the initial credit allowance date. If on the second credit allowance
37 date, the actual dollar amount of such investments is lower than the amount estimated, the
38 department of revenue shall recapture the difference from the taxpayer claiming a credit
39 under this section. If any amount of the federal tax credit available with respect to a
40 qualified equity investment that is eligible for a tax credit under this section is recaptured
41 under Section 45D of the Internal Revenue Code of 1986, as amended, the department of
42 revenue may recapture a portion of the tax credit allowed under this section with respect
43 to such qualified equity investment under this section. The percentage of the tax credit
44 allowed under this section that the department of revenue may recapture shall be equal to
45 the percentage of the total federal tax credit earned with respect to such qualified equity
46 investment that is recaptured under Section 45D of the Internal Revenue Code of 1986, as
47 amended.

48 4. The department of revenue shall promulgate rules to implement the provisions
49 of this section. Any rule or portion of a rule, as that term is defined in section 536.010,
50 RSMo, that is created under the authority delegated in this section shall become effective
51 only if it complies with and is subject to all of the provisions of chapter 536, RSMo, and,

52 if applicable, section 536.028, RSMo. This section and chapter 536, RSMo, are
53 nonseverable and if any of the powers vested with the general assembly pursuant to
54 chapter 536, RSMo, to review, to delay the effective date, or to disapprove and annul a rule
55 are subsequently held unconstitutional, then the grant of rulemaking authority and any
56 rule proposed or adopted after August 28, 2006, shall be invalid and void.

57 **5. Under section 23.253, RSMo, of the Missouri Sunset Act:**

58 (1) The provisions of the new program authorized under this section shall
59 automatically sunset six years after the effective date of this section unless reauthorized by
60 an act of the general assembly; and

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

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

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