

HB 1112 -- Missouri Recovery and Reinvestment Tax Act

Sponsor: Flook

This bill establishes the Missouri Recovery and Reinvestment Tax Act which will implement the economic development provisions of the federal American Recovery and Reinvestment Act of 2009. In its main provisions, the bill:

(1) Authorizes the Missouri Development Finance Board within the Department of Economic Development to issue Build America bonds and recovery zone bonds to pay for the cost of financing qualifying projects and to purchase any bonds issued by or on behalf of any development agency;

(2) Authorizes any development agency, state board, state commission, or other body corporate and politic of the state that is authorized to issue bonds to issue Build America bonds and recovery zone bonds;

(3) Allows Build America bonds and recovery zone bonds to be used in conjunction with every other economic development program offered by the state;

(4) Authorizes the board to enter into a financing agreement with any development agency or qualified business with respect to projects funded with Build America bonds and recovery zone bonds. The bill specifies the requirements of the financing agreement;

(5) Creates the Recovery Stimulus Fund which will consist of:

(a) Any moneys made available to the state of Missouri or its cities, counties, or political subdivisions through the issuance of bonds in compliance with the federal act;

(b) Any moneys appropriated by the General Assembly under the federal act or the Missouri act;

(c) Any moneys made available to the state or any city, county, or political subdivision of the state under the federal act or the Missouri act;

(d) Any moneys resulting from any tax credit received, paid to, payable to, or made available to any development agency under the federal act or the Missouri act;

(e) Any moneys from the federal government for infrastructure development or for any other purpose;

(f) Any moneys received from grants which are given, donated, or

contributed to the recovery stimulus fund or to the Department of Economic Development or the board under the federal act or the Missouri act;

(g) Any public or private funds received by the board or the department for deposit in the recovery stimulus fund;

(h) Any moneys obtained from the issuance of bonds by the board to implement the federal act or the Missouri act; and

(i) Any moneys obtained from any other available source and used in connection with the Missouri act;

(6) Allows the board to authorize state tax credits of up to 15% of the interest paid on the bonds. The tax credits will be issued to the bonds' owners and can be sold or transferred. Only bonds issued by December 31, 2010, will be eligible for state tax credits. No more than \$3.75 million of state tax credits can be authorized per fiscal year. Prior to issuing these credits, the board must make certain findings which are specified in the bill;

(7) Authorizes the board to request the Department of Revenue to penalize any development agency or qualified business that has received a tax credit and is not in compliance with the requirements of the financing agreement;

(8) Specifies the manner in which recovery zone bonds must be allocated; and

(9) Authorizes an income tax credit for each owner of bonds issued under Section 108.1200, RSMo, equal to 100% of the unpaid principal and unpaid interest on bonds held by the owner in the taxable year following the calendar year of the default of the loan by the borrower with respect to the project. These tax credits can be transferred from the owner of the bond to the board, and the board may sell them to a third party or surrender them to the state. The total principal amount of revenue bonds outstanding at any time with respect to which the tax credit is made available cannot exceed \$50 million. The authority of the board to issue any bonds under this provision will expire December 31, 2010.

The bill contains an emergency clause.