

HCS SS SCS SB 83 -- TAXATION OF REAL PROPERTY AND POLITICAL
SUBDIVISIONS

SPONSOR: Parson (Crawford)

COMMITTEE ACTION: Voted "Do Pass" by the Committee on General Laws
by a vote of 11 to 4.

This substitute changes the laws regarding the taxation of property
and political subdivisions.

PAPERLESS DOCUMENTS AND FORMS ACT (Section 32.029, RSMo)

The substitute establishes the Paperless Documents and Forms Act,
which authorizes the Department of Revenue to use technology to
make filing certain forms and sending certain notifications more
efficient. In its main provisions, the substitute:

- (1) Requires the department to develop and implement, beginning no
later than January 1, 2014, and by January 1, 2020, a method by
which all documents and forms provided to the public by the
department relating to taxes and fees are available in an
electronic format online and are capable of electronic submission
to the department except those that require a notary or
authorization by a third party;
- (2) Allows the department director to use electronic notification
of specified information when the taxpayer has consented to its use
and provides an e-mail address in lieu of and in full satisfaction
of any requirement to provide the notification by mail; and
- (3) Specifies that the creation of state-run tax electronic filing
of individual income tax returns is not authorized.

SALES TAX ON MOTOR VEHICLES (Sections 32.087, 144.020 - 144.021,
144.069 - 144.525, 144.610 - 144.615, and Section 1);

The substitute prohibits counties and municipalities from imposing
a local use tax on the sale of motor vehicles, trailers, boats, or
outboard motors. Local sales taxes must be imposed on the sale of
these items, regardless of whether the item was purchased in
Missouri. The residence of the purchaser will be used for
determining the local tax rate that should apply. The rate of tax
associated with motor vehicles, trailers, boats, or outboard motors
sold at retail must be the sum of state sales tax and the local
sales tax. The rate of tax for all other sales of these items must
be the sum of the state highway use tax and the local sales tax.

All local taxing jurisdictions that have not previously approved a

local use tax must put to a vote of the people whether to discontinue collecting sales tax on non-retail sales of motor vehicles. If a taxing jurisdiction does not hold the vote before November 2016, the taxing jurisdiction must cease collecting the sales tax. Taxing jurisdictions may at any time hold a vote to repeal the tax. Language repealing the tax must also be put to a vote of the people any time 15% of the registered voters in a taxing jurisdiction sign a petition requesting it.

BIDDING PROCEDURES FOR DEPARTMENT OF REVENUE (Section 34.040)

The substitute requires the Director of the Department of Revenue to follow specified bidding procedures and specifies that no points can be awarded on a request for proposal for a contract license office to a bidder for a return-to-the-state provision offer.

COUNTY BUDGETS (Section 50.622)

The substitute authorizes a county to amend its budget twice during any fiscal year when there is a verifiable decline in funds of at least 2% that could not have been estimated or anticipated when the budget was adopted. Currently, a county is only authorized to amend its annual budget when it receives additional funds that could not be estimated.

Any decrease in appropriations cannot unduly affect any one officeholder and cannot impact any dedicated fund authorized by law. The county must provide 30 days' notice of a public hearing regarding any amendment to the county budget, including a published summary of the proposed reductions and an explanation of the shortfall.

Before any reduction affecting an elected officeholder can occur, negotiations must take place with all officeholders who receive funds from the affected category of funds in an attempt to cover the shortfall.

County commissioners can reduce the budgets of departments under their direct supervision and responsibility at any time without these restrictions.

These provisions cannot restrict a charter county from amending its budget pursuant to the terms of its charter.

PROPERTY TAX BILLS (Sections 52.230 and 52.240)

Currently, collectors in all counties, except for first classification counties with a charter form of government and counties under township organization are required to mail a

statement of all real and tangible personal property tax due to each resident taxpayer at least 30 days before the taxes are delinquent. The substitute allows the collectors to electronically transmit the required statement to the electronic address provided and authorized by the taxpayer to the collector instead of mailing it. Any electronic address provided by a taxpayer for the purpose of receiving an electronic copy of the property tax statement must be a closed record under the Open Meetings and Records Law, commonly known as the Sunshine Law. If the county collector certifies that the tax statement was mailed or emailed less than 30 days before the delinquent date and the taxpayer pays within 15 days after the delinquent date or 15 days after the certified mailing date, whichever is later, no penalty or interest can be imposed.

DEDUCTION OF PROPERTY TAX COLLECTION FOR MAILING COSTS (Section 52.250)

Currently, third classification counties may deduct .5% of the property taxes collected to pay for the mailing of statements and receipts. Counties making the deduction and subsequently becoming a second or fourth classification county after December 31, 2000, are authorized to continue making the deduction. The substitute gives all counties the authority to deduct .5% of the property taxes it collects for the mailing of statements and receipts.

NOTICE OF NEIGHBORHOOD IMPROVEMENT DISTRICTS (Section 67.457)

The substitute requires the county or city clerk of the governing body creating a neighborhood improvement district to file a notice with the recorder of deeds in the county where the land is located. The notice must contain the following information: each owner of property in the district listed as a grantor, the governing body establishing the district and the title of any official or agency responsible for collecting the assessments listed as a grantee, a legal description of the district, and the identifying number or a copy of the ordinance creating the district.

NEIGHBORHOOD IMPROVEMENT DISTRICTS SPECIAL ASSESSMENTS (Sections 67.463 and 67.469)

Currently, the Boone County collector is authorized to collect a fee for the collection of special assessments for neighborhood improvement districts. The substitute allows the Jackson County collector to also collect the fee.

The substitute also specifies that an unpaid special assessment in a neighborhood improvement district that is a lien upon the property may also be foreclosed in the same manner as a tax upon

real property by land tax sale under Chapter 141, RSMo, which includes charter counties, certain counties of the first classification, and the City of St. Louis. Currently, these liens may only be foreclosed in the same manner as a tax upon real property by a land tax sale under Chapter 140 or by a judicial foreclosure proceeding at the option of the governing body.

DELINQUENT PROPERTY TAXES (Sections 67.1521, 139.160, 140.050, 140.115, 140.150, 140.160, 140.230, 140.290, 140.460, and 140.470)

The substitute:

(1) Authorizes any county collector to add a special assessment levied for a community improvement district to the annual real estate tax bills for the properties being benefited by the district. Any unpaid special assessment on January 1 is considered delinquent and the enforcement of the delinquent bill is to be governed by the laws concerning delinquent and back taxes. A lien may be foreclosed in the same manner as a tax upon real property by land tax sale. Currently, only the county collector in Boone County is authorized to do this;

(2) Changes the date that the county collector is required to return the delinquent tax lists and back tax books to the county commission from the first Monday in March to the second Monday in March and allows the collector to deliver an electronic copy of the back tax book;

(3) Specifies that if a person other than the owner or a lien holder pays the original property taxes plus interest, that payment will not invoke a lien on the property or person without the knowledge and consent of the owner. Any lien invoked without the knowledge and consent of the owner will be null and void;

(4) Authorizes county collectors to use the procedures for selling property with delinquent property taxes when any special assessment is delinquent. Currently, only a special assessment for a NID is subject to the option;

(5) Authorizes any additional money from the sale of real estate for delinquent taxes or other debt that is placed in a trust fund for the owners of the property if the property sells for a greater amount than the debt to become part of the permanent school fund of the county if the funds are not called for as part of a redemption or collector's deed issuance within three years;

(6) Repeals the provisions that authorizes the county collector to retain a 50 cent fee for each certificate of purchase issued and the 25 cent fee for noting any assignment of any certificate when

recording a certificate of purchase of land sold at a tax sale and to charge \$1.50 to a person applying for a tax deed in a specified circumstance. The collector continues to be authorized to receive the fee necessary to record the certificate of purchase; and

(7) Repeals the provision requiring the county clerk to witness the county collector sign the deed given to the property purchaser at a tax sale.

TECHNOLOGY BUSINESS FACILITIES AND DATA STORAGE CENTERS (Sections 67.2050 and 144.810)

Beginning August 28, 2013, the substitute authorizes a state and local sales and use tax exemption on items related to new data storage centers, limited to the net fiscal benefit of the state calculated over a 10-year period on:

- (1) All electrical energy, gas, water, and other utilities, including telecommunications and Internet services used in a new data storage center;
- (2) All machinery, equipment, and computers used in any new center; and
- (3) All retail sales of tangible personal property and materials for the purposes of constructing a new data storage center.

Any new data storage center facility project seeking a tax exemption must submit a notice of intent and a project plan to the Department of Economic Development that identifies each known constructing and operating taxpayer for the project and any additional information that the department may require. The department must determine whether the project is eligible for exemption by verifying that a new facility will invest at least \$5 million within 12 consecutive months and results in the creation of at least five new jobs during a period of up to 12 consecutive months from the date of condition approval. The department must make a conditional determination within 30 days of submission by the operating taxpayer. Failure of the department to respond within 30 days must result in a project plan being deemed conditionally approved.

Upon approval by the department, project taxpayers for expanding data center projects may, beginning August 28, 2013, and for a period of up to 10 years, be exempted from state and local sales and use taxes on:

- (1) All electrical energy, gas, water, and other utilities, including telecommunication and Internet services that, on an

annual basis, exceed the amount used in the existing or the replaced facility prior to the expansion;

(2) All machinery, equipment, and computers used in any expanding center; and

(3) All retail sales of tangible personal property and materials for the purpose of constructing, repairing, or remodeling an expanding data storage center.

Any expanding data storage center wishing to utilize these exemptions must submit a notice of intent and a project plan to the department that identifies each known constructing and operating taxpayer and any additional information that the department may reasonably require to determine eligibility for the exemption. The department must determine whether the project is eligible for exemption by verifying that an expanding facility will invest at least \$1 million within 12 consecutive months. The department must make a conditional determination within 30 days of submission by the operating taxpayer. Failure of the department to respond within 30 days will result in a project plan being deemed conditionally approved. The departments of Economic Development and Revenue must conduct random audits to ensure that the intent of these provisions is followed. No recipient of an exemption can be eligible for benefits under any business recruitment tax credit under Section 135.800.

LAND SALES IN CERTAIN CITIES (Section 92.387)

The substitute requires any sale of land under Chapter 92 to be subject to valid recorded covenants running with the land and valid easements of record or in use.

GOLF COURSE PROPERTY (Section 137.016)

The substitute expands the definition of "real property" as it relates to property taxation to include facilities and buildings used by a golf course.

NEW HOME INCOME TAX DEDUCTION (Section 143.145)

Beginning January 1, 2013, the substitute authorizes a one-time individual income tax deduction for the purchaser of a new home built or self-built between August 28, 2013, and December 31, 2015, and used as the principal residence of the taxpayer for at least two years. The amount of the deduction will be equal to one-third of the purchase price or \$166,667, whichever is less, and cannot exceed a maximum tax benefit of \$10,000. Any amount of the deduction that exceeds the taxpayer's Missouri adjusted gross

income may be carried forward to any subsequent tax year until the full deduction is claimed.

DEBT SETOFFS FOR UNPAID HEALTHCARE EXPENSES (Sections 143.789 and 143.790)

Currently, the Department of Health and Senior Services processes claims submitted by hospitals and health care providers requesting an offset of income tax refunds to satisfy an outstanding debt owed by a taxpayer. The substitute repeals the provisions regarding the process by which the department requests offsets and authorizes an entity designated as a claim clearinghouse to process and verify requests for an offset for ambulance service providers of taxpayer income tax refunds and lottery winnings to satisfy outstanding debts for ambulance services received. Prior to utilizing the clearinghouse, an ambulance service provider must determine whether the patient is eligible for relief from the claim under the provider's financial hardship policy and if not, the provider must exhaust all available means of collecting the debt from the patient or third-party payer and give certain notices to the patient and allow for various levels of review and appeal of his or her claim. A collection assistance fee of \$31 allocated between the clearinghouse and the Department of Revenue is assessed to each offset for the costs of collecting the debt.

The Director of the Department of Revenue is authorized to impose an offset against a refund owed to a taxpayer for eligible claims in the following priority:

- (1) Delinquent taxes owed to the state of Missouri;
- (2) Delinquent taxes owed to the United States;
- (3) Debts owed to any state agency or for a support obligation;
- (4) Collection assistance fees for the state and the claims clearinghouse for processing the debt offsets;
- (5) Eligible claims for debts owed to ambulance service providers;
and
- (6) Debts owed to other states with whom Missouri has a reciprocal offset agreement.

REVENUE SHARING AGREEMENTS IN PLACES OF AMUSEMENT (Section 144.030)

The substitute allows a municipality or other political subdivision to enter into a revenue-sharing agreement with a private person, firm, or corporation providing goods or services in or for places

of amusement, entertainment or recreation, games, or athletic events.

TAX REFUND FOR OVERPAYMENT (Section 144.190)

The substitute specifies that if any sales or use tax, penalty, or interest has been paid more than once, or has been erroneously or illegally collected or computed, the sum must be refunded to the person legally obligated to collect the tax or, at the option of the Director of the Department of Revenue, must be credited on any taxes that are due or may become due from the person. Interest will accrue on the amount of refund or credit from the date the refund claim is first filed. Currently, the sum must be credited on any taxes due and the balance, with interest, must be refunded to the person, but the credit or refund is not allowed unless duplicate copies of a claim for refund are filed within three years from date of overpayment.

SCHOOL SALES TAX (Sections 162.1174, 162.1176, and 162.1178)

The substitute allows, upon voter approval, a majority of the school boards or one or more school boards with a majority of the student population in a county, subject to sales and use taxes under the provisions of Sections 144.010 to 144.510, to impose a sales tax on all retail sales in one-eighth cent increments. The tax will be in addition to any and all other sales taxes allowed by law. The revenue received by the school districts from the tax will be deposited into a special trust fund for each school district based on the number of the school district's pupils residing in the county and is to be used only for the purpose described in the ballot language submitted to the voters.

All sales taxes collected by the Director of the Department of Revenue on behalf of a school district, less 1% for cost of collection, will be deposited in the newly-created School District Sales Tax Trust Fund. The director must distribute the moneys in the fund each month to the treasurer of each school district. The expenditure of funds from the school district's trust fund must be by appropriation of the school board.

No revenue received by a school district from the tax is to be included in calculating state aid under Section 163.031.

SCHOOL FACILITIES AND EQUIPMENT (Sections 177.011 and 177.088)

Currently, a school board cannot lease a building to be used as a school when the district school is unused. The substitute makes an exception for leases entered into under Section 177.088.

Currently, a school district board, community college board, or college or university board for an institution organized under Chapter 174 may enter into an agreement with a not-for-profit corporation when acquiring, constructing, extending, or remodeling sites, buildings, facilities, furnishings, and equipment. The substitute repeals the requirement that it be an agreement with a not-for-profit corporation.

The substitute repeals the provision allowing the governing board to refinance any lease purchase agreement for the purpose of payment on any lease with a corporation for sites, buildings, facilities, furnishing, or equipment which the corporation has acquired or constructed.

MUSEUM AND CULTURAL DISTRICTS IN DISASTER AREAS (Sections 184.800 - 184.865)

The substitute changes the name of the Missouri Museum District Act to the Missouri Museum and Cultural District Act and expands the scope of museum districts to include a building or area used for promoting community culture and the arts, recreation, and knowledge including the performing arts, theater, music, entertainment, public spaces, public libraries, or other public assets. Each proposed district may impose, upon voter approval, a sales tax to restore cultural assets within the district. The substitute restricts the creation of museum and cultural districts under these provisions to include areas where the majority of the property is located within a disaster area. The substitute requires property owners who own at least two-thirds of the property to file a petition to create a museum and cultural district within five years of the Presidential declaration establishing the disaster area. The museum and cultural district can contain one or more parcels of property that may or may not be contiguous. Legal voters who live in the proposed district will not be required to be listed on the petition to create the district, will not be required to be served a copy of the petition creating the district, and will not have statutory authority to sue to support or oppose the creation of the district. The substitute changes the number of members of the board of directors governing the district from eight to five. All of the members are to be elected at a public meeting removing the Governor's authority to appoint three of the members. The provision prohibiting the board from hiring an employee who is related to a board member within the fourth degree by blood or marriage is repealed. The General Assembly is authorized to make appropriations from general revenue to a district created under the act for a period of 20 years after January 1, 2013. In addition to a sales tax, the board is authorized to impose, upon voter approval, a fee no more than \$1 on any person or entity that offers or manages an event in the district and charges admission for the

event. The substitute adds a limited partnership or a limited liability company to the entities that the district may contract with regarding funding, promotion, planning, designing, constructing, improving, maintaining, or operating a district.

ALCOHOL-RELATED TRAFFIC OFFENSES (Sections 302.060, 302.302 - 302.309, 302.525, 476.385, and 577.041)

The substitute changes the laws regarding alcohol-related traffic offenses. The substitute:

(1) Requires the court to order the Director of the Department of Revenue to issue a license to a person who is otherwise qualified and has been convicted more than twice of driving while intoxicated upon the person petitioning the court after the expiration of 10 years from the date of conviction of the last driving while intoxicated offense and the court finding that he or she has not been convicted, pled guilty to, or been found guilty of and has no pending charges for any offense related to alcohol, controlled substances, or drugs; has no other alcohol-related enforcement contacts during the preceding 10 years; and his or her habits and conduct show that he or she is no longer a threat to public safety. Currently, the department director may issue the license;

(2) Requires the court to order the Director of the Department of Revenue to issue a license to a person who is otherwise qualified and has pled guilty to or been convicted of the crime of involuntary manslaughter while operating a motor vehicle in an intoxicated condition or has been convicted twice within a five-year period of driving while intoxicated or any other intoxication-related traffic offense, if the court finds that he or she has not been convicted, pled guilty to, or been found guilty of and has no charges pending for any offense related to alcohol, controlled substances, or drugs; has no other alcohol-related enforcement contacts during the preceding five years; and his or her habits and conduct show he or she no longer poses a threat to public safety. Currently, the department director may issue the license;

(3) Requires a driver to be given the option to complete a driver-improvement program through an online or in-person course in lieu of the assessment of points against his or her license for specified violations;

(4) Allows a person whose license is to be suspended for a first offense of driving while intoxicated or driving with excessive blood alcohol content to complete a 90-day period of restricted driving privilege in lieu of the suspension if he or she provides proof to the department that all vehicles operated by the person

have a functioning, certified ignition interlock device. If the person fails to maintain proof of the device, the restricted driving privilege will be terminated. Upon completion of the 90-day period of restricted driving privilege, compliance with other requirements of law, and filing proof of financial responsibility with the department, the license must be reinstated. However, if the monthly monitoring reports during the 90-day period indicate that the ignition interlock device has registered a confirmed BAC level above the alcohol setpoint or the reports indicate the device has been tampered with or circumvented, then the license will not be reinstated until the person completes an additional 30-day period of restricted driving privilege;

(5) Specifies that any person who has had a license to operate a motor vehicle suspended or revoked as a result of an assessment of points for a conviction for an intoxication-related traffic offense and has a prior alcohol-related enforcement contact will be required to file proof with the department director that any motor vehicle operated by the person is equipped with a functioning, certified ignition interlock device as a required condition of reinstatement of the license;

(6) Allows a person to receive a limited driving privilege if his or her license at the time of application has been suspended or revoked due to a failure to submit to a chemical test and the person has completed the first 90 days of revocation and files proof of installation with the department that any vehicle operated by him or her is equipped with a functioning, certified ignition interlock device, provided he or she is not otherwise ineligible for a limited driving privilege;

(7) Specifies that a circuit court or the department may allow a person who has been convicted more than twice for driving while intoxicated and has had his or her license revoked for a period of 10 years without the ability to obtain a new license or for a person who has been convicted twice for driving while intoxicated and has had his or her license revoked for a period of five years to apply for a limited driving privilege and repeals the requirement that he or she must serve at least 45 days of the disqualification or revocation. A circuit court must grant a limited driving privilege to any person who otherwise is eligible, has filed proof of installation of a certified ignition interlock device, and has had no alcohol-related enforcement contacts since the contact that resulted in his or her license denial;

(8) Allows a person whose driving record shows no prior alcohol related enforcement contacts in the immediately preceding five years to complete a 90-day period of restricted driving privilege in lieu of the suspension if he or she provides proof to the

department that all vehicles operated by the person have a functioning, certified ignition interlock device. Upon completion of the restricted driving period, compliance with other requirements of law, and filing proof of financial responsibility with the department, the license must be reinstated. However, if the monthly monitoring reports during the 90-day period indicate that the ignition interlock device has registered a confirmed BAC level above the alcohol setpoint or has been tampered with or circumvented, then the license cannot be reinstated until he or she completes an additional 30-day period of restricted driving privilege; and

(9) Specifies that any person who has a license to operate a motor vehicle revoked under these provisions and has a prior alcohol-related enforcement contact will be required to file proof with the department that any motor vehicle operated by him or her is equipped with a functioning, certified ignition interlock device as a required condition of reinstatement. The ignition interlock device must be required on all motor vehicles operated by the person for a period of at least six months immediately following reinstatement. If the monthly monitoring reports show that the device has registered a confirmed blood alcohol concentration reading above the alcohol setpoint or has been tampered with or circumvented, then the period will be extended for an additional six months.

MOVING TRAFFIC VIOLATIONS (Section 302.341)

Currently, if a Missouri resident fails to dispose of a moving traffic violation charge, the court must order the Director of the Department of Revenue to suspend his or her driving privileges if the charges are not disposed of and fully paid within 30 days. Upon proof of disposition of charges and payment of fine, court costs, and reinstatement fee, the department director must return the license and remove the suspension from the driving record if he or she was not operating a commercial motor vehicle or a commercial driver's license holder at the time of the offense. The substitute repeals this provision.

FIRE PROTECTION DISTRICT BOARDS (Sections 321.015, 321.017, and 321.210)

The substitute:

(1) Exempts Boone County and all counties of the first classification with less than 85,000 inhabitants from the prohibition against being a director on a fire protection district board while also holding any office or employment under the state or any political subdivision;

(2) Allows an employee of a fire protection or ambulance district to serve as a board member of a fire protection or ambulance district if the district is not in the same county where he or she is employed. Currently, an employee of a fire protection district or ambulance district is not allowed to serve as a board member of any fire protection or ambulance district while employed by any fire protection or ambulance district unless serving on a voluntary board; and

(3) Changes the filing fee for the election of a member of a fire protection district board of directors to up to the amount of a candidate for state representative. Currently, the filing fee is \$10.

FIRE PROTECTION DISTRICT AUDITS IN GREENE COUNTY (Section 321.690)

The substitute repeals the provision requiring the governing body of each fire protection district located in Greene County to have an audit performed every two years in conformance with rules established by the State Auditor.

MISSOURI ANGEL INVESTMENT INCENTIVE ACT (Sections 348.273 and 348.274)

The substitute establishes the Missouri Angel Investment Incentive Act that is to be administered by regional Missouri Small Business and Technology Development Centers (SBTDCs) and the SBTDC home office. The primary goal of the act is to encourage individuals to provide seed-capital financing for emerging Missouri businesses engaged in the development, implementation, and commercialization of innovative technologies, products, and services. Each regional SBTDC must establish a regional committee of at least three but no more than five people to review applications from businesses requesting designation as a qualified Missouri business and allocate tax credits to qualified investors who make cash investments in the qualified Missouri business. The coordinator must establish its own rules of procedure, including the form and substance of applications to be used by each regional SBTDC and the criteria to be considered by each regional SBTDC when evaluating a qualified Missouri business and issue tax credits to qualified investors that have been allocated available tax credits by a regional SBTDC.

A tax credit must be allowed for an investor's cash investment in the qualified securities of a qualified Missouri business. The credit must be in a total amount equal to 50% of the investor's cash investment in any qualified Missouri business. This tax credit may be used in its entirety in the taxable year in which the

cash investment is made except that no tax credit can be allowed in a year prior to 2013. If the amount by which that portion of the credit allowed exceeds the investor's liability in any one taxable year, beginning in 2013, the remaining portion of the credit may be carried forward five years or until the total amount of the credit is used, whichever occurs first. If the investor is a permitted entity investor, the credit must be claimed by the owners of the permitted entity investor in proportion to their equity investment in the permitted entity investor. The maximum tax credit allowed is \$50,000 for a single qualified Missouri business per investor who is a natural person or permitted entity investor or a total of \$250,000 for a single year per investor who is a natural person or owner of a permitted entity investor. No tax credits can be allowed for any cash investments in qualified securities for any year beginning after December 31, 2023. The total amount of tax credits that can be allowed cannot exceed \$6 million.

The tax credits must be administered by the regional SBTDCs. At the beginning of each year, the coordinator must equally designate the tax credits available during that year to each regional SBTDC. At the beginning of each calendar quarter, the coordinator must allocate to each regional SBTDC one-fourth of the total tax credits designated to the regional SBTDC for the year so that the regional SBTDC can allocate tax credits to qualified Missouri businesses and the coordinator can then issue tax credits to qualified investors for cash investments in the qualified Missouri businesses during that quarter.

At the end of each calendar quarter, each regional SBTDC must report to the coordinator any unallocated tax credits for the preceding quarter. The coordinator must aggregate all the tax credits and reallocate them equally among the regional SBTDCs as soon as possible during the next consecutive calendar quarter. Each regional SBTDC must receive the reallocation in addition to the new allocation of designated tax credits for the quarter. During the fourth calendar quarter, a regional SBTDC may request that another regional SBTDC with unallocated tax credits permit the unallocated tax credits to be allocated by the requesting SBTDC. No regional SBTDC can be required to grant the request. When a granting SBTDC transfers the allocation of the unallocated tax credits to a requesting SBTDC, the granting SBTDC must provide to the requesting SBTDC a written confirmation authorizing the transfer. The granting and the requesting SBTDC must include a copy of the written confirmation in its reports.

Before an investor may be entitled to receive tax credits, the investor must have made a cash investment in a qualified security of a qualified Missouri business. The business must have been approved by a regional SBTDC as a qualified Missouri business

before the date on which the cash investment was made. To be designated as a qualified Missouri business, a business must make application to a regional SBTDC that includes specified information.

The designation of a business as a qualified Missouri business must be made by the regional SBTDC and must be renewed annually. A business must be so designated if the regional SBTDC determines specified criteria as established by the coordinator. A business may be considered as a qualified Missouri business under the provisions of the substitute if it falls within a standard industrial classification code established by the coordinator. A qualified Missouri business must have the burden of proof to demonstrate to the regional SBTDC the qualifications of the business.

Each regional SBTDC is authorized to allocate tax credits to qualified Missouri businesses and the coordinator is authorized to issue tax credits to qualified investors in those qualified Missouri businesses. The tax credits must be allocated to those qualified Missouri businesses that, as determined by the regional SBTDC, are most likely to provide the greatest economic benefit to the region, the state, or both. The regional SBTDC may allocate and the coordinator may issue whole or partial tax credits based on the regional SBTDC's assessment of the qualified Missouri business. The regional SBTDC may consider numerous factors in the assessment including, but not limited to, the quality and experience of the management team, the size of the estimated market opportunity, the risk from current or future competition, the ability to defend intellectual property, the quality and utility of the business model, and the quality and reasonableness of financial projections for the business.

Each qualified Missouri business for which a regional SBTDC has allocated tax credits to the qualified investors of the qualified Missouri business must submit to the regional SBTDC a report before the tax credits are issued that includes specified information. The State of Missouri cannot be held liable for any damages to any investor that makes an investment in any qualified security of a qualified Missouri business, any business that applies to be designated as a qualified Missouri business and is turned down, or any investor that makes an investment in a business that applies to be designated as a qualified Missouri business and is turned down. Each qualified Missouri business must notify in a timely manner the regional SBTDC that allocated the tax credits and the coordinator of any changes in the qualifications of the business or in the eligibility of investors to claim a tax credit for cash investment in a qualified security.

The coordinator must provide specified information to the Department of Revenue on an annual basis. The coordinator must conduct an annual review of the activities to ensure that tax credits issued under these provisions are issued in compliance with the substitute or rules and regulations established by each regional SBTDC or the coordinator. If the coordinator determines that a business is not in substantial compliance to maintain its designation, the coordinator, by written notice, may inform the business that it will lose its designation as a qualified Missouri business 120 days from the date of mailing the notice unless the business corrects the deficiencies and is once again in compliance with the requirements for designation. After the 120-day period, if the qualified Missouri business is still not in compliance, the coordinator may send a notice of loss of designation to the business, each regional SBTDC, the Director of the Department of Revenue, and to all known investors in the business. A business may lose its designation as a qualified Missouri business by moving its operations outside Missouri within 10 years after receiving financial assistance under the provisions of the substitute. In the event that a business loses its designation as a qualified Missouri business, it will be precluded from being issued any additional tax credits with respect to the business, must be precluded from being approved as a qualified Missouri business, and must repay any financial assistance to the regional SBTDC in an amount to be determined by the regional SBTDC. Each qualified Missouri business that loses its designation must enter into a repayment agreement with the regional SBTDC specifying the terms of the repayment obligation.

Investors in a qualified Missouri business must be entitled to keep all of the tax credits properly issued to the investors under these provisions.

The portions of documents and other materials submitted to any regional SBTDC or the coordinator that contain trade secrets must be kept confidential and must be maintained in a secured environment by the regional SBTDC and the coordinator.

Any qualified investor who makes a cash investment in a qualified security of a qualified Missouri business may transfer the tax credits to any natural person. Only the full credit for any one investment must be transferred and this interest must only be transferred one time. Documentation of any tax credit transfer must be provided by the qualified investor in the manner required by the coordinator.

Each qualified Missouri business for which tax credits have been issued must report specified information to the applicable regional SBTDC on an annual basis, on or before February 1. Each regional

SBTDC and the coordinator must also report annually, on or before April 1, to the Governor; Director of the Department of Economic Development; Senate Committee on Commerce, Consumer Protection, Energy and the Environment; House Committee on Economic Development; any successor committees; and the coordinator specified information on the allocation and issuance of the tax credits.

Any violation of the reporting requirements may be grounds for the loss of designation of the qualified Missouri business, and the business must be subject to the specified restrictions.

DONATION RECEIPTABLES (Section 407.485)

The substitute requires all donation receiptables to display the name, address, and telephone number of the owner and operator of the receiptable. The owner or operator of the receiptable is required to obtain written permission from the property owner or agent where the receiptable is located. If the owner or operator of the receiptable does not obtain permission from the property owner, it will constitute an unfair business practice and the property owner or his or her agent may remove the receiptable, and any charges incurred in removing it will be the responsibility of the owner of the receiptable. Unless the receiptable owner pays the charges within 30 days of receiving a written certified letter from the property owner stating his or her intent to remove the receiptable, the receiptable owner must relinquish any right to the receiptable.

The provisions of the substitute regarding the sales tax on motor vehicles are nonseverable.

The substitute contains an emergency clause for the provisions regarding the sales tax on motor vehicles.

The provisions of the substitute regarding property tax bills in Section 52.240, will expire on July 1, 2016.

The provisions regarding technology business facilities and data storage centers will expire on September 1, 2019.

The provisions of the substitute regarding the new home income tax deduction will expire December 31, 2015.

The provisions of the substitute regarding alcohol-related traffic offenses, except Section 302.309, become effective March 3, 2014.

The provisions of the substitute regarding a limited driving privilege if a person's license has been suspended or revoked due

to a failure to submit to a chemical test in Section 302.309 contain an emergency clause and will become effective July 1, 2013, or upon its passage and approval, whichever occurs later.

The provisions regarding the Angel Investment Act will expire December 31, 2023.

PROPONENTS: Supporters say that the bill's provisions relate to taxation in several areas, including mailing costs for property tax collection, neighborhood improvement districts, and delinquent property taxes, and are noncontroversial in nature.

Testifying for the bill were Senator Parson; Missouri Bankers Association; and Missouri County Collectors Association.

OPPONENTS: There was no opposition voiced to the committee.