

# HOUSE BILL NO. 1438

## 99TH GENERAL ASSEMBLY

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INTRODUCED BY REPRESENTATIVE EVANS.

4873H.02I

D. ADAM CRUMBLISS, Chief Clerk

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### AN ACT

To repeal sections 67.3000 and 67.3005, RSMo, and to enact in lieu thereof two new sections relating to a tax credit for amateur sporting events.

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

Section A. Sections 67.3000 and 67.3005, RSMo, are repealed and two new sections enacted in lieu thereof, to be known as sections 67.3000 and 67.3005, to read as follows:

67.3000. 1. As used in this section and section 67.3005, the following words shall mean:

(1) "Active member", an organization located in the state of Missouri which solicits and services sports events, sports organizations, and other types of sports-related activities in that community;

(2) "Applicant" or "applicants", one or more certified sponsors, endorsing counties, endorsing municipalities, or a local organizing committee, acting individually or collectively;

(3) "Certified sponsor" or "certified sponsors", a nonprofit organization which is an active member of the National Association of Sports Commissions;

(4) "Department", the Missouri department of economic development;

(5) "Director", the director of revenue;

(6) "Eligible costs" shall include:

(a) Costs necessary for conducting the sporting event;

(b) Costs relating to the preparations necessary for the conduct of the sporting event; and

(c) An applicant's pledged obligations to the site selection organization as evidenced by the support contract for the sporting event **including, but not limited to, bid fees and financial guarantees.**

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.

18 "Eligible costs" shall not include any cost associated with the rehabilitation or construction of  
19 any facilities used to host the sporting event or direct payments to a for-profit site selection  
20 organization, but may include costs associated with the retrofitting of a facility necessary to  
21 accommodate the sporting event;

22 (7) "Eligible donation", donations received, by a certified sponsor or local organizing  
23 committee, from a taxpayer that may include cash, publicly traded stocks and bonds, and real  
24 estate that will be valued and documented according to rules promulgated by the department.  
25 Such donations shall be used solely to provide funding to attract sporting events to this state;

26 (8) "Endorsing municipality" or "endorsing municipalities", any city, town, incorporated  
27 village, or county that contains a site selected by a site selection organization for one or more  
28 sporting events;

29 (9) "Joinder agreement", an agreement entered into by one or more applicants, acting  
30 individually or collectively, and a site selection organization setting out representations and  
31 assurances by each applicant in connection with the selection of a site in this state for the  
32 location of a sporting event;

33 (10) "Joinder undertaking", an agreement entered into by one or more applicants, acting  
34 individually or collectively, and a site selection organization that each applicant will execute a  
35 joinder agreement in the event that the site selection organization selects a site in this state for  
36 a sporting event;

37 (11) "Local organizing committee", a nonprofit corporation or its successor in interest  
38 that:

39 (a) Has been authorized by one or more certified sponsors, endorsing municipalities, or  
40 endorsing counties, acting individually or collectively, to pursue an application and bid on its or  
41 the applicant's behalf to a site selection organization for selection as the host of one or more  
42 sporting events; or

43 (b) With the authorization of one or more certified sponsors, endorsing municipalities,  
44 or endorsing counties, acting individually or collectively, executes an agreement with a site  
45 selection organization regarding a bid to host one or more sporting events;

46 (12) "Site selection organization", the National Collegiate Athletic Association (NCAA);  
47 an NCAA member conference, university, or institution; the National Association of  
48 Intercollegiate Athletics (NAIA); the United States Olympic Committee (USOC); a national  
49 governing body (NGB) or international federation of a sport recognized by the USOC; the United  
50 States Golf Association (USGA); the United States Tennis Association (USTA); the Amateur  
51 ~~Softball Association of America (ASA)~~ **Athletic Union (AAU); the National Christian**  
52 **College Athletic Association (NCCAA); the National Junior College Athletic Association**  
53 **(NJCAA); the United States Sports Specialty Association (USSSA); any rights holder**

54 **member of the National Association of Sports Commissions (NASC)**; other major regional,  
55 national, and international sports associations, and amateur organizations that promote, organize,  
56 or administer sporting games or competitions; or other major regional, national, and international  
57 organizations that promote or organize sporting events;

58 (13) "Sporting event" or "sporting events", an amateur, **collegiate**, or Olympic sporting  
59 event that is competitively bid or is awarded by a site selection organization;

60 (14) "Support contract" or "support contracts", an event award notification, joinder  
61 undertaking, joinder agreement, or contract executed by an applicant and a site selection  
62 organization;

63 (15) "Tax credit" or "tax credits", a credit or credits issued by the department against the  
64 tax otherwise due under chapter 143 or 148, excluding withholding tax imposed under sections  
65 143.191 to 143.265;

66 (16) "Taxpayer", any of the following individuals or entities who make an eligible  
67 donation:

68 (a) A person, firm, partner in a firm, corporation, or a shareholder in an S corporation  
69 doing business in the state of Missouri and subject to the state income tax imposed under chapter  
70 143;

71 (b) A corporation subject to the annual corporation franchise tax imposed under chapter  
72 147;

73 (c) An insurance company paying an annual tax on its gross premium receipts in this  
74 state;

75 (d) Any other financial institution paying taxes to the state of Missouri or any political  
76 subdivision of this state under chapter 148;

77 (e) An individual subject to the state income tax imposed under chapter 143;

78 (f) Any charitable organization which is exempt from federal income tax and whose  
79 Missouri unrelated business taxable income, if any, would be subject to the state income tax  
80 imposed under chapter 143.

81 2. An applicant may submit a copy of a support contract for a sporting event to the  
82 department. Within sixty days of receipt of the sporting event support contract, the department  
83 may review the applicant's support contract and certify such support contract if it complies with  
84 the requirements of this section. Upon certification of the support contract by the department,  
85 the applicant may be authorized to receive the tax credit under subsection 4 of this section.

86 3. No more than ~~thirty~~ **ninety** days following the conclusion of the sporting event, the  
87 applicant shall submit eligible costs and documentation of the costs evidenced by receipts, paid  
88 invoices, **event settlements**, or other documentation in a manner prescribed by the department.

89 **Eligible costs may be paid by the applicant or an entity cohosting the event with the**  
90 **applicant.**

91 4. **(1)** No later than seven days following the conclusion of the sporting event, the  
92 department, in consultation with the director, ~~[may]~~ **shall** determine the total number of tickets  
93 sold at face value for such event **or, if such event was participant-based and did not sell**  
94 **admission tickets, the total number of paid participant registrations.**

95 **(2)** No later than sixty days following the receipt of eligible costs and documentation of  
96 such costs from the applicant as required in subsection 3 of this section, the department ~~[may]~~  
97 **shall, except for the limitations under subsection 5 of this section,** issue a refundable tax  
98 credit to the applicant for the ~~[lesser]~~ **least of:**

99 **(a)** One hundred percent of eligible costs incurred by the applicant ~~[or]~~ ;

100 **(b)** An amount equal to five dollars for every admission ticket sold to such event; **or**

101 **(c)** **An amount equal to ten dollars for every paid participant registration if such**  
102 **event was participant-based and did not sell admission tickets.**

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104 **The calculations under paragraphs (b) and (c) of this subdivision shall use the actual**  
105 **number of tickets sold or registrations paid, not an estimated amount.**

106 **(3)** Tax credits authorized by this section may be claimed against taxes imposed by  
107 chapters 143 and 148 and shall be claimed within one year of the close of the ~~[taxable]~~ **tax** year  
108 for which the credits were issued. Tax credits authorized by this section may be transferred, sold,  
109 or assigned by filing a notarized endorsement thereof with the department that names the  
110 transferee, the amount of tax credit transferred, and the value received for the credit, as well as  
111 any other information reasonably requested by the department.

112 5. In no event shall the amount of tax credits issued by the department under subsection  
113 4 of this section exceed three million dollars in any fiscal year. **For all events not located**  
114 **within the following counties, the total amount of tax credits issued shall not exceed three**  
115 **hundred thousand dollars in any fiscal year:**

116 **(1)** **A county with a charter form of government and with more than six hundred**  
117 **thousand but fewer than seven hundred thousand inhabitants;**

118 **(2)** **A county with a charter form of government and with more than nine hundred**  
119 **fifty thousand inhabitants; or**

120 **(3)** **A city not within a county.**

121 6. An applicant shall provide any information necessary as determined by the department  
122 for the department and the director to fulfill the duties required by this section. At any time upon  
123 the request of the state of Missouri, a certified sponsor shall subject itself to an audit conducted  
124 by the state.

125 7. This section shall not be construed as creating or requiring a state guarantee of  
126 obligations imposed on an endorsing municipality under a support contract or any other  
127 agreement relating to hosting one or more sporting events in this state.

128 8. The department shall only certify an applicant's support contract for a sporting event  
129 in which the site selection organization has yet to select a location for the sporting event as of  
130 December 1, 2012. No support contract shall be certified unless the site selection organization  
131 has chosen to use a location in this state from competitive bids, at least one of which was a bid  
132 for a location outside of this state, **except that competitive bids shall not be required for a**  
133 **collegiate football bowl or other neutral-site game with at least one out-of-state team.**  
134 Support contracts shall not be certified by the department after August 28, [2019] 2030, provided  
135 that the support contracts may be certified on or prior to August 28, [2019] 2030, for sporting  
136 events that will be held after such date.

137 9. The department may promulgate rules as necessary to implement the provisions of this  
138 section. Any rule or portion of a rule, as that term is defined in section 536.010, that is created  
139 under the authority delegated in this section shall become effective only if it complies with and  
140 is subject to all of the provisions of chapter 536 and, if applicable, section 536.028. This section  
141 and chapter 536 are nonseverable and if any of the powers vested with the general assembly  
142 pursuant to chapter 536 to review, to delay the effective date, or to disapprove and annul a rule  
143 are subsequently held unconstitutional, then the grant of rulemaking authority and any rule  
144 proposed or adopted after August 28, 2013, shall be invalid and void.

67.3005. 1. For all [taxable] tax years beginning on or after January 1, 2013, any  
2 taxpayer shall be allowed a credit against the taxes otherwise due under chapter 143, 147, or 148,  
3 excluding withholding tax imposed by sections 143.191 to 143.265, in an amount equal to fifty  
4 percent of the amount of an eligible donation, subject to the restrictions in this section. The  
5 amount of the tax credit claimed shall not exceed the amount of the taxpayer's state income tax  
6 liability in the tax year for which the credit is claimed. Any amount of credit that the taxpayer  
7 is prohibited by this section from claiming in a tax year shall not be refundable, but may be  
8 carried forward to any of the taxpayer's two subsequent [taxable] tax years.

9 2. To claim the credit authorized in this section, a certified sponsor or local organizing  
10 committee shall submit to the department an application for the tax credit authorized by this  
11 section on behalf of taxpayers. The department shall verify that the applicant has submitted the  
12 following items accurately and completely:

13 (1) A valid application in the form and format required by the department;

14 (2) A statement attesting to the eligible donation received, which shall include the name  
15 and taxpayer identification number of the individual making the eligible donation, the amount  
16 of the eligible donation, and the date the eligible donation was received; and

17 (3) Payment from the certified sponsor or local organizing committee equal to the value  
18 of the tax credit for which application is made.

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20 If the certified sponsor or local organizing committee applying for the tax credit meets all criteria  
21 required by this subsection, the department shall issue a certificate in the appropriate amount.

22 3. Tax credits issued under this section may be assigned, transferred, sold, or otherwise  
23 conveyed, and the new owner of the tax credit shall have the same rights in the credit as the  
24 taxpayer. Whenever a certificate is assigned, transferred, sold, or otherwise conveyed, a  
25 notarized endorsement shall be filed with the department specifying the name and address of the  
26 new owner of the tax credit or the value of the credit. In no event shall the amount of tax credits  
27 issued by the department under this section exceed ten million dollars in any fiscal year.

28 4. The department shall promulgate rules to implement the provisions of this section.  
29 Any rule or portion of a rule, as that term is defined in section 536.010, that is created under the  
30 authority delegated in this section shall become effective only if it complies with and is subject  
31 to all of the provisions of chapter 536 and, if applicable, section 536.028. This section and  
32 chapter 536 are nonseverable and if any of the powers vested with the general assembly pursuant  
33 to chapter 536 to review, to delay the effective date, or to disapprove and annul a rule are  
34 subsequently held unconstitutional, then the grant of rulemaking authority and any rule proposed  
35 or adopted after August 28, 2013, shall be invalid and void.

36 5. Under section 23.253 of the Missouri sunset act:

37 (1) The provisions of the new program authorized under section 67.3000 and under this  
38 section shall automatically sunset ~~six~~ **twelve** years after August 28, ~~2013~~ **2018**, unless  
39 reauthorized by an act of the general assembly; and

40 (2) If such program is reauthorized, the program authorized under section 67.3000 and  
41 under this section shall automatically sunset twelve years after the effective date of the  
42 reauthorization of these sections; and

43 (3) Section 67.3000 and this section shall terminate on September first of the calendar  
44 year immediately following the calendar year in which the program authorized under these  
45 sections is sunset.

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