

CCS HCS SB 773 -- TAXATION

This bill modifies several provisions relating to taxation.

LOCAL SALES TAX REPEAL

This bill extends the date by which a local taxing jurisdiction shall place a question on the ballot regarding the repeal of a local sales tax on certain motor vehicles purchased from out-of-state dealers from November 2018 to November 2022 (Section 32.087, RSMo).

DEPARTMENT OF REVENUE REPORT

This bill requires the Department of Revenue to annually issue a report containing certain information on all sales and use tax levies imposed in this state (Section 32.315).

AMATEUR SPORTING EVENT TAX CREDIT

This bill reauthorizes the Amateur Sporting Events Tax Credit until August 28, 2024, while making various other changes. Bid fees and financial guarantees are added to the definition of "eligible costs" used to determine the amount of a tax credit authorized, and the bill extends the deadline for a tax credit applicant to submit eligible costs and proper documentation from 30 to 90 days following the conclusion of a sporting event. The bill also adds the Amateur Athletic Union, the National Christian College Athletic Association, the National Junior College Athletic Association, the United States Sports Specialty Association, and rights holder members of the National Association of Sports Commissions to the list of "site selection organizations" that determine tax credit qualifying sporting events. The definition of "sporting events" is expanded to include collegiate competitions.

The bill provides that the tax credit authorized by the Amateur Sporting Events Tax Credit program for the hosting of a qualifying sporting event shall be the least of 100% of eligible costs, an amount equal to \$5 for every admission ticket, or an amount equal to \$10 for every paid participant registration if the sporting event did not sell admission tickets. The latter two values shall be calculated using the actual number of tickets sold or registrations paid, not estimates.

Furthermore, for purposes of having a certified support contract necessary for receiving a tax credit, site selection organizations need not use a competitive bid process when organizing any previously-awarded event that is held due to a contract extension or any collegiate football bowl games or other neutral-site games

with at least one out-of-state team. However, in no event shall the amount of tax credits authorized exceed \$2.7 million in any fiscal year for sporting events located in Jackson County, St. Louis County, or St. Louis City (Sections 667.3000 and 667.3005).

This provision shall sunset six years after its effective date.

ATHLETES AND ENTERTAINERS TAX

Currently, the revenue generated from an income tax on certain nonresident athletes and entertainers is distributed among several funds and will currently end on December 31, 2020. This bill extends the distributions until December 31, 2030 (Section 143.183).

CORPORATE INCOME TAX

This bill changes the calculation of taxable income of corporations by disallowing any inter-company transactions between corporations that file a consolidated income tax return in this state to be considered sales and business transactions in determining taxable income in Missouri (Section 143.451).

HISTORIC PRESERVATION TAX CREDITS

This bill modifies several provisions relating to historic buildings.

Currently, the Department of Economic Development (DED) shall not approve tax credits for the rehabilitation of historic structures which, in the aggregate, exceed \$140 million, increased by any amount of tax credits for which approval shall be rescinded for any reason. For each fiscal year beginning on or after July 1, 2018, the bill reduces the aggregate cap to \$90 million. DED shall authorize up to an additional \$30 million in Historic Preservation tax credits above the \$90 million cap provided that any such tax credits are authorized solely for projects located in a qualified census tract, which is defined as a census tract with a 20% poverty rate or higher as determined by a map published by DED, as described in the bill. If the \$90 million cap and the \$30 million supplemental cap are both authorized in a fiscal year, the \$90 million cap shall be adjusted by the percent increase in inflation. Only one such adjustment shall be made for each instance in which the inflation adjustment is triggered.

Currently, the law exempts projects approved or applied for prior to January 1, 2010, from the authorization cap on the amount of tax credits that may be authorized. This bill changes such date to October 1, 2018 (Section 253.550).

This bill also modifies the Historic Preservation Tax Credit by requiring DED to consider additional factors prior to determining whether a credit shall be awarded, including the projected net fiscal benefit of the project, the overall size and quality of the project, the level of economic distress in the area, and input from the local elected officials in the local municipality as to the importance of the project to the municipality. Such additional factors shall not apply to projects receiving less than \$250,000 in tax credits (Section 253.559.3).

All taxpayers with applications receiving approval on or after July 1, 2019, shall submit evidence of the capacity of the applicant to finance the cost and expenses for the rehabilitation of the eligible property, as described in the bill (Section 253.559.7).

This bill requires that a taxpayer receiving approval for tax credits shall commence rehabilitation within nine months, rather than two years, of the date of approval (Section 253.559.8).

Currently, the law allows DED to charge a fee of 2.5% on the amount of tax credits issued by the department. This bill allows the department to charge a fee of 4% on the amount of Historic Preservation tax credits issued by the department. Of the revenue generated by the 4% fee rate, 37.5% shall be appropriated from the Economic Development Advancement Fund for business recruitment and marketing (Section 620.1900).