

# HOUSE BILL NO. 2271

## 101ST GENERAL ASSEMBLY

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INTRODUCED BY REPRESENTATIVE ALDRIDGE.

4639H.011

DANA RADEMAN MILLER, Chief Clerk

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### AN ACT

To amend chapter 135, RSMo, by adding thereto one new section relating to tax credits for new businesses in distressed communities.

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*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  
2 known as section 135.1621, to read as follows:

**135.1621. 1. As used in this section, the following terms mean:**

2 (1) "Distressed community", a census tract that has a poverty rate of at least  
3 twenty percent or has a median family income of less than eighty percent of the  
4 statewide average;

5 (2) "Eligible expenses", expenses incurred in the construction or development of  
6 real property for the purpose of establishing a new business;

7 (3) "Tax credit", a credit against the tax otherwise due under chapter 143,  
8 excluding withholding tax imposed under sections 143.191 to 143.265;

9 (4) "Taxpayer", any individual, partnership, or corporation as described in  
10 section 143.441 or 143.471 that is subject to the tax imposed under chapter 143,  
11 excluding withholding tax imposed under sections 143.191 to 143.265, or any charitable  
12 organization that is exempt from federal income tax and whose Missouri unrelated  
13 business taxable income, if any, would be subject to the state income tax imposed under  
14 chapter 143.

15 2. A taxpayer shall be allowed to claim a tax credit against the taxpayer's state  
16 tax liability in an amount equal to fifty percent of the taxpayer's eligible expenses for

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.

17 **establishing a new business within a distressed community if the majority of the new**  
18 **business's employees reside in the county of the distressed community.**

19 **3. The amount of the tax credit claimed shall not exceed the amount of the**  
20 **taxpayer's state tax liability for the tax year that the credit is claimed, and such**  
21 **taxpayer shall not be allowed to claim a tax credit in excess of two million five hundred**  
22 **thousand dollars per tax year. However, any tax credit that cannot be claimed in the tax**  
23 **year the contribution is made may be carried over to the next three succeeding tax years**  
24 **until the full credit is claimed.**

25 **4. The total amount of tax credits that may be authorized under this section in**  
26 **any calendar year shall not exceed twenty-five million dollars.**

27 **5. Tax credits issued under the provisions of this section shall not be refundable**  
28 **or transferable.**

29 **6. If a business leaves a distressed community within five years of being issued a**  
30 **tax credit under this section, the taxpayer shall not claim any further amounts from**  
31 **such tax credit and shall immediately submit payment to the state general revenue fund**  
32 **in an amount equal to all credits previously issued to the taxpayer, less any amounts**  
33 **previously repaid, increased by an amount equal to a reasonable rate of return on the**  
34 **value of the credits issued.**

35 **7. The department of economic development may promulgate all necessary rules**  
36 **and regulations to implement the provisions of this section. Any rule or portion of a**  
37 **rule, as that term is defined in section 536.010, that is created under the authority**  
38 **delegated in this section shall become effective only if it complies with and is subject to**  
39 **all of the provisions of chapter 536 and, if applicable, section 536.028. This section and**  
40 **chapter 536 are nonseverable, and if any of the powers vested with the general assembly**  
41 **pursuant to chapter 536 to review, to delay the effective date, or to disapprove and annul**  
42 **a rule are subsequently held unconstitutional, then the grant of rulemaking authority**  
43 **and any rule proposed or adopted after August 28, 2022, shall be invalid and void.**

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