SECOND EXTRAORDINARY SESSION

[TRULY AGREED TO AND FINALLY PASSED**]**

CONFERENCE COMMITTEE SUBSTITUTE FOR

HOUSE COMMITTEE SUBSTITUTE FOR

SENATE BILL NO. 1

89TH GENERAL ASSEMBLY

1997

S1874.05T

AN ACT

To repeal sections 99.805, 99.810, 99.820, 99.825, 99.830, 99.835, 99.845, 99.865, 100.255, 100.264, 100.275, 100.297, 135.208, 143.805, 178.896, 620.1069, 620.1072, 620.1075 and 620.1078, RSMo 1994, and sections 100.296, 100.760, 100.840, 135.100, 135.200, 135.225, 135.230, 135.247, 135.400, 135.403, 135.405, 135.460, 135.500, 135.503, 135.508, 135.516, 143.451, 178.895, 447.710 and 620.1039, RSMo Supp. 1996, relating to programs coordinated or administered by the department of economic development, and to enact in lieu thereof sixty-three new sections relating to the same subject, with an effective date for certain sections and with a termination date for a certain section.

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

Section A. Sections 99.805, 99.810, 99.820, 99.825, 99.830, 99.835, 99.845, 99.865, 100.255, 100.264, 100.275, 100.297, 135.208, 143.805, 178.896, 620.1069, 620.1072, 620.1075 and 620.1078, RSMo 1994, and sections 100.296, 100.760, 100.840, 135.100, 135.200, 135.225, 135.230, 135.247, 135.400, 135.403, 135.405, 135.460, 135.500, 135.503, 135.508, 135.516, 143.451, 178.895, 447.710 and 620.1039, RSMo Supp. 1996, are repealed and sixty-three new sections enacted in lieu thereof, to be known as sections 99.805, 99.810, 99.820, 99.825, 99.830, 99.835, 99.845, 99.863, 99.865, 100.255, 100.275, 100.296, 100.297, 100.760, 100.840, 135.100, 135.200, 135.208, 135.225, 135.230, 135.247, 135.400, 135.403, 135.405, 135.460, 135.500, 135.503, 135.508, 135.516, 143.451, 178.895, 178.896, 253.545, 253.550, 253.557, 253.559, 253.561, 447.710, 620.030, 620.1023, 620.1039, 620.1069, 620.1072, 620.1075, 620.1078, 620.1350, 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16 and 17, to read as follows:

99.805. As used in sections 99.800 to 99.865, unless the context clearly requires otherwise, the following terms shall mean:

(1) "Blighted area", an area which, by reason of the predominance of defective or inadequate street layout, **[**insanitary**]** **unsanitary** or unsafe conditions, deterioration of site improvements, improper subdivision or obsolete platting, or the existence of conditions which endanger life or property by fire and other causes, or any combination of such factors, retards the provision of housing accommodations or constitutes an economic or social liability or a menace to the public health, safety, morals, or welfare in its present condition and use;

(2) **"Collecting officer", the officer of the municipality responsible for receiving and processing payments in lieu of taxes or economic activity taxes from taxpayers or the department of revenue;**

(3) "Conservation area", any improved area within the boundaries of a redevelopment area located within the territorial limits of a municipality in which fifty percent or more of the structures in the area have an age of thirty-five years or more. Such an area is not yet a blighted area but is detrimental to the public health, safety, morals, or welfare and may become a blighted area because of any one or more of the following factors: Dilapidation; obsolescence; deterioration; illegal use of individual structures; presence of structures below minimum code standards; abandonment; excessive vacancies; overcrowding of structures and community facilities; lack of ventilation, light or sanitary facilities; inadequate utilities; excessive land coverage; deleterious land use or layout; depreciation of physical maintenance; and lack of community planning**[**;**]. A conservation area shall meet at least three of the factors provided in this subdivision for projects approved on or after the effective date of this section;**

(4) "Economic activity taxes", the total additional revenue from taxes which are imposed by a municipality and other taxing districts, and which are generated by economic activities within a redevelopment area over the amount of such taxes generated by economic activities within such redevelopment area in the calendar year prior to the adoption of the ordinance designating such a redevelopment area, while tax increment financing remains in effect, but excluding personal property taxes, taxes imposed on sales or charges for sleeping rooms paid by transient guests of hotels and motels, licenses, fees or special assessments. For redevelopment projects or redevelopment plans approved after the effective date of this section, if a retail establishment relocates within one year from one facility to another facility within the same county and the governing body of the municipality finds that the relocation is a direct beneficiary of tax increment financing, then for purposes of this definition, the economic activity taxes generated by the retail establishment shall equal the total additional revenues from economic activity taxes which are imposed by a municipality or other taxing district over the amount of economic activity taxes generated by the retail establishment in the calendar year prior to its relocation to the redevelopment area;

[(3)**] (5)** "Economic development area", any area or portion of an area located within the territorial limits of a municipality, which does not meet the requirements of subdivisions (1) and **[**(2)**] (3)** of this section, and in which the governing body of the municipality finds that redevelopment **will not be solely used for development of commercial businesses which unfairly compete in the local economy and** is in the public interest because it will:

(a) Discourage commerce, industry or manufacturing from moving their operations to another state; or

(b) Result in increased employment in the municipality; or

(c) Result in preservation or enhancement of the tax base of the municipality;

(6) "Gambling establishment", an excursion gambling boat as defined in section 313.800, RSMo, and any related business facility including any real property improvements which are directly and solely related to such business facility, whose sole purpose is to provide goods or services to an excursion gambling boat and whose majority ownership interest is held by a person licensed to conduct gambling games on an excursion gambling boat or licensed to operate an excursion gambling boat as provided in sections 313.800 to 313.850, RSMo. This subdivision shall be applicable only to a redevelopment area designated by ordinance adopted after the effective date of this section;

[(4)**] (7)** "Municipality", a city, village, or incorporated town or any county of this state**[**;**]. For redevelopment areas or projects approved on or after the effective date of this section, "municipality" applies only to cities, villages, incorporated towns or counties established for at least one year prior to such date;**

[(5)**] (8)** "Obligations", bonds, loans, debentures, notes, special certificates, or other evidences of indebtedness issued by a municipality to carry out a redevelopment project or to refund outstanding obligations;

[(6)**] (9)** "Ordinance", an ordinance enacted by the governing body of a city, town, or village or a county or an order of the governing body of a county whose governing body is not authorized to enact ordinances;

[(7)**] (10)** "Payment in lieu of taxes", those estimated revenues from real property in the area selected for a redevelopment project, which revenues according to the redevelopment project or plan are to be used for a private use, which taxing districts would have received had a municipality not adopted tax increment allocation financing, and which would result from levies made after the time of the adoption of tax increment allocation financing during the time the current equalized value of real property in the area selected for the redevelopment project exceeds the total initial equalized value of real property in such area until the designation is terminated pursuant to subsection 2 of section 99.850;

(11) "Redevelopment area", an area designated by a municipality, in respect to which the municipality has made a finding that there exist conditions which cause the area to be classified as a blighted area, a conservation area, an economic development area, an enterprise zone pursuant to sections 135.200 to 135.256, RSMo, or a combination thereof, which area includes only those parcels of real property directly and substantially benefitted by the proposed redevelopment project;

[(8)**] (12)** "Redevelopment plan", the comprehensive program of a municipality for redevelopment intended by the payment of redevelopment costs to reduce or eliminate those conditions, the existence of which qualified the redevelopment area as a blighted area, conservation area, economic development area, or combination thereof, and to thereby enhance the tax bases of the taxing districts which extend into the redevelopment area. Each redevelopment plan shall conform to the requirements of section 99.810;

[(9)**] (13)** "Redevelopment project", any development project within a redevelopment area in furtherance of the objectives of the redevelopment plan; any such redevelopment project shall include a legal description of the area selected for the redevelopment project;

[(10) "Redevelopment area", an area designated by a municipality, in respect to which the municipality has made a finding that there exist conditions which cause the area to be classified as a blighted area, a conservation area, economic development area, or a combination thereof;

(11)**] (14)** "Redevelopment project costs" include the sum total of all reasonable or necessary costs incurred or estimated to be incurred, and any such costs incidental to a redevelopment plan or redevelopment project, as applicable. Such costs include, but are not limited to, the following:

(a) Costs of studies, surveys, plans, and specifications;

(b) Professional service costs, including, but not limited to, architectural, engineering, legal, marketing, financial, planning or special services**[**;**]. Except the reasonable costs incurred by the commission established in section 99.820 for the administration of sections 99.800 to 99.865, such costs shall be allowed only as an initial expense which, to be recoverable, shall be included in the costs of a redevelopment plan or project;**

(c) Property assembly costs, including, but not limited to, acquisition of land and other property, real or personal, or rights or interests therein, demolition of buildings, and the clearing and grading of land;

(d) Costs of rehabilitation, reconstruction, or repair or remodeling of existing buildings and fixtures;

(e) Initial costs for an economic development area;

(f) Costs of construction of public works or improvements;

(g) Financing costs, including, but not limited to, all necessary and incidental expenses related to the issuance of obligations, and which may include payment of interest on any obligations issued **[**hereunder**] pursuant to sections**

 accruing during the estimated period of construction of any redevelopment project for which such obligations are issued and for not more than eighteen months thereafter, and including reasonable reserves related thereto;

(h) All or a portion of a taxing district's capital costs resulting from the redevelopment project necessarily incurred or to be incurred in furtherance of the objectives of the redevelopment plan and project, to the extent the municipality by written agreement accepts and approves such costs;

(i) Relocation costs to the extent that a municipality determines that relocation costs shall be paid or are required to be paid by federal or state law;

(j) Payments in lieu of taxes;

(15) "Special allocation fund", the fund of a municipality or its commission which contains at least two separate segregated accounts for each redevelopment plan, maintained by the treasurer of the municipality or the treasurer of the commission into which payments in lieu of taxes are deposited in one account, and economic activity taxes and other revenues are deposited in the other account;

[(12)**] (16)** "Taxing districts", any political subdivision of this state having the power to levy taxes;

[(13)**] (17)** "Taxing districts' capital costs", those costs of taxing districts for capital improvements that are found by the municipal governing bodies to be necessary and to directly result from the redevelopment project; and

[(14)**] (18)** "Vacant land", any parcel or combination of parcels of real property not used for industrial, commercial, or residential buildings.

99.810. Each redevelopment plan shall set forth in writing a general description of the program to be undertaken to accomplish the objectives and shall include, but need not be limited to, **the** estimated redevelopment project costs, the anticipated sources of funds to pay the costs, evidence of the commitments to finance the project costs, the anticipated type and term of the sources of funds to pay costs, the anticipated type and terms of the obligations to be issued, the most recent equalized assessed valuation of the property within the redevelopment area which is to be subjected to payments in lieu of taxes and economic activity taxes pursuant to section 99.845, an estimate as to the equalized assessed valuation after redevelopment, and the general land uses to apply in the redevelopment area. No redevelopment plan shall be adopted by a municipality without findings that:

(1) The redevelopment area on the whole is a blighted area, a conservation area, or an economic development area, and has not been subject to growth and development through investment by private enterprise and would not reasonably be anticipated to be developed without the adoption of **[**the redevelopment plan**] tax increment financing. Such a finding shall include, but not be limited to, a detailed description of the factors that qualify the redevelopment area or project pursuant to this subdivision and an affidavit, signed by the developer or developers and submitted with the redevelopment plan, attesting that the provisions of this subdivision have been met**;

(2) The redevelopment plan conforms to the comprehensive plan for the development of the municipality as a whole;

(3) The estimated dates, which shall not be more than twenty-three years from the adoption of the ordinance approving a redevelopment project within a redevelopment area, of completion of any redevelopment project and retirement of obligations incurred to finance redevelopment project costs have been stated, provided that no ordinance approving a redevelopment project shall be adopted later than ten years from the adoption of the ordinance approving the redevelopment plan under which such project is authorized and provided that no property for a redevelopment project shall be acquired by eminent domain later than five years from the adoption of the ordinance approving such redevelopment project; **[**and**]**

(4) A plan has been developed for relocation assistance for businesses and residences**[.];**

(5) A cost-benefit analysis showing the economic impact of the plan on each taxing district which is at least partially within the boundaries of the redevelopment area. The analysis shall show the impact on the economy if the project is not built, and is built pursuant to the redevelopment plan under consideration. The cost-benefit analysis shall include a fiscal impact study on every affected political subdivision, and sufficient information from the developer for the commission established in section 99.820 to evaluate whether the project as proposed is financially feasible; and

(6) A finding that the plan does not include the initial development or redevelopment of any gambling establishment, provided however, that this subdivision shall be applicable only to a redevelopment plan adopted for a redevelopment area designated by ordinance after the effective date of this subsection.

(7) By the last day of February each year, each commission shall report to the director of economic development the name, address, phone number and primary line of business of any business which relocates to the district. The director of the department of economic development shall compile and report the same to the governor, the speaker of the house and the president pro tempore of the senate on the last day of April each year.

99.820. 1. A municipality may:

(1) By ordinance introduced in the governing body of the municipality within fourteen to ninety days from the completion of the hearing required in section 99.825, approve redevelopment plans and redevelopment projects, and designate redevelopment project areas pursuant to the notice and hearing requirements of sections 99.800 to 99.865. No redevelopment project shall be approved unless a redevelopment plan has been approved and a redevelopment area has been designated prior to or concurrently with the approval of such redevelopment project and the area selected for the redevelopment project shall include only those parcels of real property and improvements thereon **directly and** substantially benefited by the proposed redevelopment project improvements;

(2) Make and enter into all contracts necessary or incidental to the implementation and furtherance of its redevelopment plan or project;

(3) **[**Within a redevelopment area,**] Pursuant to a redevelopment plan,** subject to any constitutional limitations, acquire by purchase, donation, lease or eminent domain, own, convey, lease, mortgage, or dispose of, land and other property, real or personal, or rights or interests therein, and grant or acquire licenses, easements and options with respect thereto, all in the manner and at such price the municipality or the commission determines is reasonably necessary to achieve the objectives of the redevelopment plan. No conveyance, lease, mortgage, disposition of land or other property, acquired by the municipality, or agreement relating to the development of the property shall be made except upon the adoption of an ordinance by the governing body of the municipality. **Each municipality or its commission shall establish written procedures relating to bids and proposals for implementation of the redevelopment projects.** Furthermore, no conveyance, lease, mortgage, or other disposition of land or agreement relating to the development of property shall be made without making public disclosure of the terms of the disposition and all bids and proposals made in response to the municipality's request. **[**The**] Such** procedures for obtaining such bids and proposals shall provide reasonable opportunity for any person to submit alternative proposals or bids;

(4) Within a redevelopment area, clear any area by demolition or removal of existing buildings and structures;

(5) Within a redevelopment area, renovate, rehabilitate, or construct any structure or building;

(6) Install, repair, construct, reconstruct, or relocate streets, utilities, and site improvements essential to the preparation of the redevelopment area for use in accordance with a redevelopment plan;

(7) Within a redevelopment area, fix, charge, and collect fees, rents, and other charges for the use of any building or property owned or leased by it or any part thereof, or facility therein;

(8) Accept grants, guarantees, and donations of property, labor, or other things of value from a public or private source for use within a redevelopment area;

(9) Acquire and construct public facilities within a redevelopment area;

(10) Incur redevelopment costs and issue obligations;

(11) Make payment in lieu of taxes, or a portion thereof, to taxing districts**[**. If payments in lieu of taxes, or a portion thereof, are made to taxing districts, those payments**];**

(12) Disburse surplus funds from the special allocation fund to taxing districts as follows:

(a) Such surplus payments in lieu of taxes shall be **[**made, from the special allocation fund,**] distributed** to **[**all**] taxing** districts within the **redevelopment** area **[**selected for a redevelopment project**] which impose ad valorem taxes** on a basis **[**which**] that** is proportional to the current collections of revenue which each taxing district receives from real property in the **[**area selected for a redevelopment project;**] redevelopment area;**

(b) Surplus economic activity taxes shall be distributed to taxing districts in the redevelopment area which impose economic activity taxes, on a basis that is proportional to the amount of such economic activity taxes the taxing district would have received from the redevelopment area had tax increment financing not been adopted;

(c) Surplus revenues, other than payments in lieu of taxes and economic activity taxes, deposited in the special allocation fund, shall be distributed on a basis that is proportional to the total receipt of such other revenues in such account in the year prior to disbursement;

[(12)**] (13)** If any member of the governing body of the municipality, a member of a commission established pursuant to subsection 2 of this section, or an employee or consultant of the municipality, involved in the planning and preparation of a redevelopment plan, or redevelopment project for a redevelopment area or proposed redevelopment area, owns or controls an interest, direct or indirect, in any property included in any redevelopment area, or proposed redevelopment area, he or she shall disclose the same in writing to the clerk of the municipality, and shall also so disclose the dates, terms, and conditions of any disposition of any such interest, which disclosures shall be acknowledged by the governing body of the municipality and entered upon the minutes books of the governing body of the municipality. If an individual holds such an interest**,** then that individual shall refrain from any further official involvement in regard to such redevelopment plan, redevelopment project or redevelopment area, from voting on any matter pertaining to such redevelopment plan, redevelopment project or redevelopment area, or communicating with other members concerning any matter pertaining to that redevelopment plan, redevelopment project or redevelopment area. Furthermore, no such member or employee shall acquire any interest, direct or indirect, in any property in a redevelopment area or proposed redevelopment area after either (a) such individual obtains knowledge of such plan or project, or (b) first public notice of such plan, project or area pursuant to section 99.830, whichever first occurs**[**.**];**

(14) Charge as a redevelopment cost the reasonable costs incurred by its clerk or other official in administering the redevelopment project. The charge for the clerk's or other official's costs shall be determined by the municipality based on a recommendation from the commission, created pursuant to this section.

2. Prior to adoption of an ordinance approving the designation of a redevelopment area or approving a redevelopment plan or redevelopment project, the municipality shall create a commission of nine persons **if the**

municipality is a county or a city not within a county and not a first class county with a charter form of government with a population in excess of nine hundred thousand, and eleven persons if the municipality is not a county and not in a first class county with a charter form of government having a population of more than nine hundred thousand, and twelve persons if the municipality is located in or is a first class county with a charter form of government having a population of more than nine hundred thousand, to be appointed as follows:

(1) **In all municipalities** two members shall be appointed by the school boards whose districts are included within the redevelopment plan or redevelopment area. Such members shall be appointed in any manner agreed upon by the affected districts;

(2) **In all municipalities** one member shall be appointed, in any manner agreed upon by the affected districts, to represent all other districts levying ad valorem taxes within the area selected for a redevelopment project or the redevelopment area, excluding representatives of the governing body of the municipality; **[**and**]**

(3) **In all municipalities** six members shall be appointed by the chief elected officer of the municipality, with the consent of the majority of the governing body of the municipality**[**.**];**

(4) In all municipalities which are not counties and not in a first class county with a charter form of government having a population in excess of nine hundred thousand, two members shall be appointed by the county of such municipality in the same manner as members are appointed in subdivision (3) of this subsection;

(5) In a municipality which is a county with a charter form of government having a population in excess of nine hundred thousand, three members shall be appointed by the cities in the county which have tax increment financing districts in a manner in which the cities shall agree;

(6) At the option of the members appointed by the municipality, the members who are appointed by the school boards and other taxing districts **[**shall**] may** serve on the commission for a term to coincide with the length of time a redevelopment project, redevelopment plan or designation of a redevelopment area, is considered for approval by the commission**[**.**], or for a definite term pursuant to this subdivision. If the members representing school districts and other taxing districts are appointed for a term coinciding with the length of time a redevelopment project, plan or area is approved,** such term shall terminate upon final approval of the project, plan or designation of the area by the governing body of the municipality. Thereafter the commission shall consist of the six members appointed by the municipality, except that members representing school boards and other taxing districts shall be appointed as provided in this section prior to any amendments to any redevelopment plans, redevelopment projects or designation of a redevelopment area. If any school district or other taxing jurisdiction fails to appoint members of the commission within thirty days of receipt of written notice of a proposed redevelopment plan, redevelopment project or designation of a redevelopment area, the remaining members may proceed to exercise the power of the commission. Of the members first appointed by the municipality, two shall be designated to serve for terms of two years, two shall be designated to serve for a term of three years and two shall be designated to serve for a term of four years from the date of such initial appointments. Thereafter, the members appointed by the municipality shall serve for a term of four years, except that all vacancies shall be filled for unexpired terms in the same manner as were the original appointments.

3. The commission, subject to approval of the governing body of the municipality, may exercise the powers enumerated in **[**this act**] sections 99.800 to 99.865,** except final approval of plans, projects and designation of redevelopment areas. The commission shall hold public hearings and provide notice pursuant to sections 99.825 and 99.830. The commission shall vote on all proposed redevelopment plans, redevelopment projects and designations of redevelopment areas, and amendments thereto, within thirty days following completion of the hearing on any such plan, project or designation and shall make recommendations to the governing body within ninety days of the hearing referred to in section 99.825 concerning the adoption of, or amendment to redevelopment plans and redevelopment projects and the designation of redevelopment areas. The requirements

of **[**subsections**] subsection** 2 **[**and 3**]** of this section **and this subsection** shall not apply to redevelopment projects upon which the required hearings have been duly held prior to August 31, 1991.

99.825. 1. Prior to the adoption of an ordinance proposing the designation of a redevelopment area, or approving a redevelopment plan or redevelopment project, the commission shall fix a time and place for a public hearing and notify each taxing district located wholly or partially within the boundaries of the proposed redevelopment area, plan or project. At the public hearing any interested person or affected taxing district may file with the commission written objections to, **or comments on,** and may be heard orally in respect to, any issues embodied in the notice. The commission shall hear and consider all protests **[**and**],** objections**, comments and other evidence presented** at the hearing. The hearing may be **[**adjourned**] continued** to another date without further notice other than a motion to be entered upon the minutes fixing the time and place of the subsequent hearing. Prior to the **[**adoption of an ordinance approving a redevelopment plan or redevelopment project, or designating a redevelopment area, but after**] conclusion of** the hearing, changes may be made in the redevelopment plan, redevelopment project, or redevelopment area**[**which changes do not alter the exterior boundaries, or do not substantially affect the general land uses established in the**], provided that each affected taxing district is given written notice of such changes at least seven days prior to the conclusion of the hearing. After the public hearing but prior to the adoption of an ordinance approving a** redevelopment plan or **[**substantially change the nature of the**]** redevelopment project, **[**without further hearing or notice; provided, that notice of such changes is given at the hearing**]** or **designating a redevelopment area, changes may be made to the redevelopment plan, redevelopment projects or redevelopment areas without a further hearing, if such changes do not enlarge the exterior boundaries of the redevelopment area or areas, and do not substantially affect the general land uses established in the redevelopment plan or substantially change the nature of the redevelopment projects, provided that notice of such changes shall be given** by mail to each affected taxing district and by publication in a newspaper of general circulation in the area of the proposed redevelopment not less than ten days prior to the adoption of the changes by ordinance. After the adoption of an ordinance approving a redevelopment plan or redevelopment project, or designating a redevelopment area, no ordinance shall be adopted altering the exterior boundaries, affecting the general land uses established pursuant to the redevelopment plan or changing the nature of the redevelopment project without complying with the procedures provided in this section pertaining to the initial approval of a redevelopment plan or redevelopment project and designation of a redevelopment area. Hearings with regard to a redevelopment project, redevelopment area, or redevelopment plan may be held simultaneously.

2. Tax incremental financing projects within an economic development area shall apply to and fund only the following infrastructure projects: highways, roads, streets, bridges, sewers, traffic control systems and devices, water distribution and supply systems, curbing, sidewalks and any other similar public improvements, but in no case shall it include buildings.

99.830. 1. Notice of the public hearing required by section 99.825 shall be given by publication and mailing. Notice by publication shall be given by publication at least twice, the first publication to be not more than thirty days and the second publication to be not more than ten days prior to the hearing, in a newspaper of general circulation in the area of the proposed redevelopment. Notice by mailing shall be given by depositing such notice in the United States mails by certified mail addressed to the person or persons in whose name the general taxes for the last preceding year were paid on each lot, block, tract, or parcel of land lying within the redevelopment project or redevelopment area which is to be subjected to the payment or payments in lieu of taxes and economic activity taxes pursuant to section 99.845. Such notice shall be mailed not less than ten days prior to the date set for the public hearing. In the event taxes for the last preceding year were not paid, the notice shall also be sent to the persons last listed on the tax rolls within the preceding three years as the owners of such property.

2. The notices issued pursuant to this section shall include the following:

(1) The time and place of the public hearing;

(2) The general boundaries of the proposed redevelopment area or redevelopment project by street location, where possible;

(3) A statement that all interested persons shall be given an opportunity to be heard at the public hearing;

(4) A description of the proposed redevelopment plan or redevelopment project and a location and time where the entire plan or project proposal may be reviewed by any interested party;

(5) Such other matters as the commission may deem appropriate.

3. Not less than forty-five days prior to the date set for the public hearing, the commission shall give notice by mail as provided in subsection 1 of this section to all taxing districts from which taxable property is included in the redevelopment area, redevelopment project or redevelopment plan, and in addition to the other requirements **[**under**] pursuant to** subsection 2 of this section, the notice shall include an invitation to each taxing district to submit comments to the commission concerning the subject matter of the hearing prior to the date of the hearing.

4. A copy of any and all hearing notices required by section 99.825 shall be submitted by the commission to the director of the department of economic development. Such submission of the copy of the hearing notice shall comply with the prior notice requirements pursuant to subsection 3 of this section.

99.835. 1. Obligations secured by the special allocation fund set forth in sections 99.845 and 99.850 for the redevelopment area or redevelopment project may be issued by the municipality pursuant to section 99.820 or by the tax increment financing commission to provide for redevelopment costs. Such obligations, when so issued, shall be retired in the manner provided in the ordinance or resolution authorizing the issuance of such obligations by the receipts of payments in lieu of taxes as specified in section 99.855 and, subject to annual appropriation, other tax revenue as specified in section 99.845. A municipality may, in the ordinance or resolution, pledge all or any part of the funds in and to be deposited in the special allocation fund created pursuant to sections 99.845 and 99.850 to the payment of the redevelopment costs and obligations. Any pledge of funds in the special allocation fund may provide for distribution to the taxing districts of moneys not required for payment of redevelopment costs or obligations and such excess funds shall be deemed to be surplus funds**, except that any moneys allocated to the special allocation fund as provided in subsection 4 of section 99.845, and which are not required for payment of redevelopment costs and obligations, shall not be distributed to the taxing districts but shall be returned to the department of economic development for credit to the general revenue fund**. In the event a municipality only pledges a portion of the funds in the special allocation fund for the payment of redevelopment costs or obligations, any such funds remaining in the special allocation fund after complying with the requirements of the pledge, including the retention of funds for the payment of future redevelopment costs, if so required, shall also be deemed surplus funds. All surplus funds shall be distributed annually to the taxing districts in the redevelopment area by being paid by the municipal treasurer to the county collector who shall immediately thereafter make distribution as provided in subdivision **[**(11)**] (12)** of section 99.820.

2. Without limiting the provisions of subsection 1 of this section, the municipality may, in addition to obligations secured by the special allocation fund, pledge any part or any combination of net new revenues of any redevelopment project, or a mortgage on part or all of the redevelopment project to secure its obligations or other redevelopment costs.

3. Obligations issued **[**under**] pursuant to** sections 99.800 to 99.865 may be issued in one or more series bearing interest at such rate or rates as the issuing body of the municipality shall determine by ordinance or resolution. Such obligations shall bear such date or dates, mature at such time or times not exceeding twenty-three years from their respective dates, when secured by the special allocation fund, be in such denomination, carry such registration privileges, be executed in such manner, be payable in such medium of payment at such place or places, contain such covenants, terms and conditions, and be subject to redemption as such ordinance or resolution shall provide. Obligations issued pursuant to sections 99.800 to 99.865 may be sold at public or private sale at such price as shall be determined by the issuing body and shall state that obligations issued pursuant to sections 99.800 to 99.865 are special obligations payable solely from the special allocation fund or other funds specifically pledged. No referendum approval of the electors shall be required as a condition to the issuance of obligations pursuant to sections 99.800 to 99.865.

4. The ordinance authorizing the issuance of obligations may provide that the obligations shall contain a recital that they are issued pursuant to sections 99.800 to 99.865, which recital shall be conclusive evidence of their validity and of the regularity of their issuance.

5. Neither the municipality, its duly authorized commission, the commissioners or the officers of a municipality nor any person executing any obligation shall be personally liable for such obligation by reason of the issuance thereof. The obligations issued pursuant to sections 99.800 to 99.865 shall not be a general obligation of the municipality, county, state of Missouri, or any political subdivision thereof, nor in any event shall such obligation be payable out of any funds or properties other than those specifically pledged as security therefor. The obligations shall not constitute indebtedness within the meaning of any constitutional, statutory or charter debt limitation or restriction.

99.845. 1. A municipality, either at the time a redevelopment project is approved or, in the event a municipality has undertaken acts establishing a redevelopment plan and redevelopment project and has designated a redevelopment area after the passage and approval of sections 99.800 to 99.865 but prior to August 13, 1982, which acts are in conformance with the procedures of sections 99.800 to 99.865, may adopt tax increment allocation financing by passing an ordinance providing that after the total equalized assessed valuation of the taxable real property in a redevelopment project exceeds the certified total initial equalized assessed valuation of the taxable real property in the redevelopment project, the ad valorem taxes, and payments in lieu of taxes, if any, arising from the levies upon taxable real property in such redevelopment project by taxing districts and tax rates determined in the manner provided in subsection 2 of section 99.855 each year after the effective date of the ordinance until redevelopment costs have been paid shall be divided as follows:

(1) That portion of taxes**, penalties and interest** levied upon each taxable lot, block, tract, or parcel of real property which is attributable to the initial equalized assessed value of each such taxable lot, block, tract, or parcel of real property in the area selected for the redevelopment project shall be allocated to and, when collected, shall be paid by the county collector to the respective affected taxing districts in the manner required by law in the absence of the adoption of tax increment allocation financing;

(2) Payments in lieu of taxes attributable to the increase in the current equalized assessed valuation of each taxable lot, block, tract, or parcel of real property in the area selected for the redevelopment project **and any applicable penalty and interest** over and above the initial equalized assessed value of each such unit of property in the area selected for the redevelopment project shall be allocated to and, when collected, shall be paid to the municipal treasurer who shall deposit such payment in lieu of taxes into a special fund called the "Special Allocation Fund" of the municipality for the purpose of paying redevelopment costs and obligations incurred in the payment thereof. Payments in lieu of taxes which are due and owing shall constitute a lien against the real estate of the redevelopment project from which they are derived **and shall be collected in the same manner as the real property tax, including the assessment of penalties and interest where applicable**. The municipality may, in the ordinance, pledge the funds in the special allocation fund for the payment of such costs and obligations and provide for the collection of payments in lieu of taxes, the lien of which may be foreclosed in the same manner as a special assessment lien as provided in section 88.861, RSMo. No part of the current equalized assessed valuation of each lot, block, tract, or parcel of property in the area selected for the redevelopment project attributable to any increase above the total initial equalized assessed value of such properties shall be used in calculating the general state school aid formula provided for in section 163.031, RSMo, until such time as all redevelopment costs have been paid as provided for in this section and section 99.850**[.];**

(3) For purposes of this section, "levies upon taxable real property in such redevelopment project by taxing districts" shall not include the blind pension fund tax levied under the authority of article III, section 38(b) of the Missouri Constitution, or the merchant's and manufacturer's inventory replacement tax levied under the authority of subsection 2 of section 6 of article X, of the Missouri Constitution, except in redevelopment project areas in which tax increment financing has been adopted by ordinance pursuant to a plan approved by vote of the governing body of the municipality taken after April 1, 1990, and before January 1, 1998.

2. In addition to the payments in lieu of taxes described in subdivision (2) of subsection 1 of this section, for redevelopment plans and projects adopted or redevelopment projects approved by ordinance after July 12, 1990, and

prior to August 31, 1991, fifty percent of the total additional revenue from taxes**, penalties and interest** imposed by the municipality, or other taxing districts, which are generated by economic activities within the area of the redevelopment project over the amount of such taxes generated by economic activities within the area of the redevelopment project in the calendar year prior to the adoption of the redevelopment project by ordinance, while tax increment financing remains in effect**[**, but excluding**]. Total additional revenue pursuant to this subsection shall not include** taxes imposed on sales or charges for sleeping rooms paid by transient guests of hotels and motels, **taxes levied pursuant to section 70.500, RSMo,** licenses, fees or special assessments other than payments in lieu of taxes**[**,**] and any penalty and interest thereon, or, effective January 1, 1998, taxes levied pursuant to section 94.660, RSMo, for the purpose of public transportation. Such additional revenue** shall be allocated to, and paid by the **local political subdivision** collecting officer to the treasurer or other designated financial officer of the municipality, who shall deposit such funds in a separate segregated account within the special allocation fund. Any provision of an agreement, contract or covenant entered into prior to July 12, 1990, between a municipality and any other political subdivision which provides for an appropriation of other municipal revenues to the special allocation fund shall be and remain enforceable.

3. In addition to the payments in lieu of taxes described in subdivision (2) of subsection 1 of this section, for redevelopment plans and projects adopted or redevelopment projects approved by ordinance after August 31, 1991, fifty percent of the total additional revenue from taxes**, penalties and interest** which are imposed by the municipality or other taxing districts, and which are generated by economic activities within the area of the redevelopment project over the amount of such taxes generated by economic activities within the area of the redevelopment project in the calendar year prior to the adoption of the redevelopment project by ordinance, while tax increment financing remains in effect, but excluding **personal property taxes,** taxes imposed on sales or charges for sleeping rooms paid by transient guests of hotels and motels, **taxes levied pursuant to section 70.500, RSMo, or effective January 1, 1998, taxes levied for the purpose of public transportation pursuant to section 94.660, RSMo,** licenses, fees or special assessments **[**and personal property taxes,**]** other than payments in lieu of taxes **and penalties and interest thereon**, shall be allocated to, and paid by the **local political subdivision** collecting officer to the treasurer or other designated financial officer of the municipality, who shall deposit such funds in a separate segregated account within the special allocation fund.

4. Beginning January 1, 1998, for redevelopment plans and projects adopted or redevelopment projects approved by ordinance and which have complied with subsections 4 to 12 of this section, in addition to the payments in lieu of taxes and economic activity taxes described in subsections 1, 2 and 3 of this section, up to fifty percent of the new state revenues, as defined in subsection 8 of this section, estimated for the businesses within the project area and identified by the municipality in the application required by subsection 10 of this section, over and above the amount of such taxes reported by businesses within the project area as identified by the municipality in their application prior to the approval of the redevelopment project by ordinance, while tax increment financing remains in effect, may be available for appropriation by the general assembly as provided in subsection 10 of this section to the department of economic development supplemental tax increment financing fund, from the general revenue fund, for distribution to the treasurer or other designated financial officer of the municipality with approved plans or projects.

5. The treasurer or other designated financial officer of the municipality with approved plans or projects shall deposit such funds in a separate segregated account within the special allocation fund established pursuant to section 99.805.

6. No transfer from the general revenue fund to the Missouri supplemental tax increment financing fund shall be made unless an appropriation is made from the general revenue fund for that purpose. No municipality shall commit any state revenues prior to an appropriation being made for that project. For all redevelopment plans or projects adopted or approved after the effective date of this act, appropriations from the new state revenues shall not be distributed from the Missouri supplemental tax increment financing fund into the special allocation fund unless the municipality's redevelopment plan ensures that one hundred percent of payments in lieu of taxes and fifty percent of economic activity taxes generated by the project shall be used for eligible redevelopment project costs while tax increment financing remains in effect. This account shall be separate from the account into which payments in lieu of taxes are deposited, and separate from the account into which economic activity taxes are deposited.

7. In order for the redevelopment plan or project to be eligible to receive the revenue described in subsection 4 of this section, the municipality shall comply with the requirements of subsection 10 of this section prior to the time the project or plan is adopted or approved by ordinance. The director of the department of economic development and the commissioner of the office of administration may waive the requirement that the municipality's application be submitted prior to the redevelopment plan's or project's adoption or the redevelopment plan's or project's approval by ordinance.

8. For purposes of this section, "new state revenues" means:

(1) The incremental increase in the general revenue portion of state sales tax revenues received pursuant to section 144.020, RSMo, excluding sales taxes that are constitutionally dedicated, taxes deposited to the school district trust fund in accordance with section 144.701, RSMo, sales and use taxes on motor vehicles, trailers, boats and outboard motors and future sales taxes earmarked by law. The incremental increase in the general revenue portion of state sales tax revenues for an existing or relocated facility shall be the amount that current state sales tax revenue exceeds the state sales tax revenue in the base year as stated in the redevelopment plan as provided in subsection 10 of this section; or

(2) The state income tax withheld on behalf of new employees by the employer pursuant to section 143.221, RSMo, at the business located within the project as identified by the municipality. The state income tax withholding allowed by this section shall be the municipality's estimate of the amount of state income tax withheld by the employer within the redevelopment area for new employees who fill new jobs directly created by the tax increment financing project.

9. Subsection 4 of this section shall apply only to blighted areas located in enterprise zones, pursuant to sections 135.200 to 135.256, RSMo, blighted areas located in federal empowerment zones, or to blighted areas located in central business districts or urban core areas of cities which districts or urban core areas at the time of approval of the project by ordinance, provided that the enterprise zones, federal empowerment zones or blighted areas contained one or more buildings at least fifty years old; and

(1) Suffered from generally declining population or property taxes over the twenty-year period immediately preceding the area's designation as a project area by ordinance; or

(2) Was a historic hotel located in a county of the first classification without a charter form of government with a population according to the most recent federal decennial census in excess of one hundred fifty thousand and containing a portion of a city with a population according to the most recent federal decennial census in excess of three hundred fifty thousand.

10. The initial appropriation of up to fifty percent of the new state revenues authorized pursuant to subsections 4 and 5 of this section shall not be made to or distributed by the department of economic development to a municipality until all of the following conditions have been satisfied:

(1) The director of the department of economic development or his or her designee and the commissioner of the office of administration or his or her designee have approved a tax increment financing application made by the municipality for the appropriation of the new state revenues. The municipality shall include in the application the following items in addition to the items in section 99.810:

(a) The tax increment financing district or redevelopment area, including the businesses identified within the redevelopment area;

(b) The base year of state sales tax revenues or the base year of state income tax withheld on behalf of existing employees, reported by existing businesses within the project area prior to approval of the redevelopment project;

(c) The estimate of the incremental increase in the general revenue portion of state sales tax revenue or the estimate for the state income tax withheld by the employer on behalf of new employees expected to fill new jobs created within the redevelopment area after redevelopment;

(d) The official statement of any bond issue pursuant to this subsection after the effective date of this section;

(e) An affidavit that is signed by the developer or developers attesting that the provisions of subdivision (1) of section 99.810 have been met and specifying that the redevelopment area would not be reasonably anticipated to be developed without the appropriation of the new state revenues;

(f) The cost-benefit analysis required by section 99.810 includes a study of the fiscal impact on the state of Missouri; and

(g) The statement of election between the use of the incremental increase of the general revenue portion of the state sales tax revenues or the state income tax withheld by employers on behalf of new employees who fill new jobs created in the redevelopment area;

(2) The methodologies used in the application for determining the base year and determining the estimate of the incremental increase in the general revenue portion of the state sales tax revenues or the state income tax withheld by employers on behalf of new employees who fill new jobs created in the redevelopment area shall be approved by the director of the department of economic development or his or her designee and the commissioner of the office of administration or his or her designee. Upon approval of the application, the director of the department of economic development or his or her designee and the commissioner of the office of administration or his or her designee shall issue a certificate of approval. The department of economic development may request the appropriation following application approval;

(3) The appropriation shall be either a portion of the estimate of the incremental increase in the general revenue portion of state sales tax revenues in the redevelopment area or a portion of the estimate of the state income tax withheld by the employer on behalf of new employees who fill new jobs created in the redevelopment area as indicated in the municipality's application, approved by the director of the department of economic development or his or her designee and the commissioner of the office of administration or his or her designee. At no time shall the aggregate annual appropriation of the new state revenues for redevelopment areas exceed fifteen million dollars;

(4) Redevelopment plans and projects receiving new state revenues shall have a duration of up to fifteen years, unless prior approval for a longer term is given by the director of the department of economic development or his or her designee and the commissioner of the office of administration or his or her designee; except that, in no case shall the duration exceed twenty-three years.

11. In addition to the areas authorized in subsection 9 of this section, the funding authorized pursuant to subsection 4 of this section shall also be available in a federally approved levee district, where construction of a levee begins after the effective date of this section, and which is contained within a county of the first classification without a charter form of government with a population between fifty thousand and one hundred thousand inhabitants which contains all or part of a city with a population in excess of four hundred thousand or more inhabitants.

12. There is hereby established within the state treasury a special fund to be known as the "Missouri Supplemental Tax Increment Financing Fund", to be administered by the department of economic development. The department shall annually distribute from the Missouri supplemental tax increment financing fund the amount of the new state revenues as appropriated as provided in the provisions of subsections 4 and 5 of this section if and only if the conditions of subsection 10 of this section are met. The fund shall also consist of any gifts, contributions, grants or bequests received from federal, private or other sources. Moneys in the Missouri supplemental tax increment financing fund shall be disbursed per project pursuant to state appropriations.

13. All personnel and other costs incurred by the department of economic development for the administration and operation of subsections 4 to 12 of this section shall be paid from the state general revenue fund. On an annual basis, the general revenue fund shall be reimbursed for the full amount of such costs by the developer or developers of the project or projects for which municipalities have made tax increment financing applications for the appropriation of new state revenues, as provided for in subdivision (1) of subsection 10 of this section. The amount of costs charged to each developer shall be based upon the percentage arrived at by dividing the monetary amount of the application made by each municipality for a particular project by the total monetary amount of all applications received by the department of economic development.

99.863. Beginning in 1999, and every five years thereafter, a joint committee of the general assembly, comprised of five members appointed by the speaker of the house of representatives and five members appointed by the president pro tem of the senate, shall review sections 99.800 to 99.865. A report based on such review, with any recommended legislative changes, shall be submitted to the speaker of the house of representatives and the president pro tem of the senate no later than February first following the year in which the review is conducted.

99.865. 1. Each year the governing body of the municipality, or its designee, shall prepare a report concerning the status of each redevelopment plan and **redevelopment** project, and shall submit a copy of such report to the **director of the** department of economic development. The report shall include the following:

(1) The amount and source of revenue in the special allocation fund**[**,**];**

(2) The amount and purpose of expenditures from the special allocation fund**[**,**];**

(3) The amount of any pledge of revenues, including principal and interest on any outstanding bonded indebtedness**[**,**];**

(4) The original assessed value of the redevelopment project**[**,**];**

(5) The assessed valuation added to the redevelopment project**[**,**];**

(6) Payments made in lieu of taxes received and expended**[**,**];**

(7) The economic activity taxes generated within the redevelopment area in the calendar year prior to the approval of the redevelopment plan, to include a separate entry for the state sales tax revenue base for the redevelopment area or the state income tax withheld by employers on behalf of existing employees in the redevelopment area prior to the redevelopment plan;

(8) The economic activity taxes generated within the redevelopment area after the approval of the redevelopment plan, to include a separate entry for the increase in state sales tax revenues for the redevelopment area or the increase in state income tax withheld by employers on behalf of new employees who fill new jobs created in the redevelopment area;

(9) Reports on contracts made incident to the implementation and furtherance of a redevelopment plan or project**[**,**];**

(10) A copy of any redevelopment plan, **which shall include the required findings and cost-benefit analysis pursuant to subdivisions (1) to (6) of section 99.810;**

(11) The cost of any property acquired, disposed of, rehabilitated, reconstructed, repaired or remodeled**[**,**];**

(12) The number of parcels acquired by or through initiation of eminent domain proceedings**;** and

(13) Any additional information the municipality deems necessary.

2. Data contained in the report mandated **[**under**]** **pursuant to** the provisions of **[**this**]** subsection **1 of this section and any information regarding amounts disbursed to municipalities pursuant to the provisions of section 99.845** shall be deemed a public record, as defined in section 610.010, RSMo. An annual statement showing the payments made in lieu of taxes received and expended in that year, the status of the redevelopment plan and projects therein, amount of outstanding bonded indebtedness and any additional information the municipality deems necessary shall be published in a newspaper of general circulation in the municipality.

[2.**]** **3.** Five years after the establishment of a redevelopment plan and every five years thereafter the governing body shall hold a public hearing regarding those redevelopment plans and projects created pursuant to sections 99.800 to 99.865. The purpose of the hearing shall be to determine if the redevelopment project is making satisfactory progress under the proposed time schedule contained within the approved plans for completion of such projects. Notice of such public hearing shall be given in a newspaper of general circulation in the area served by the commission once each week for four weeks immediately prior to the hearing.

4. The director of the department of economic development shall submit a report to the speaker of the house of representatives and the president pro tem of the senate no later than February first of each year. The report shall contain a summary of all information received by the director pursuant to this section.

5. For the purpose of coordinating all tax increment financing projects using new state revenues, the director of the department of economic development may promulgate rules and regulations to ensure compliance with this section. Such rules and regulations may include methods for enumerating all of the municipalities which have established commissions pursuant to section 99.820. No rule or portion of a rule promulgated under the authority of sections 99.800 to 99.865 shall become effective unless it has been promulgated pursuant to the provisions of chapter 536, RSMo. All rulemaking authority delegated prior to June 27, 1997, is of no force and effect and repealed; however, nothing in this section shall be interpreted to repeal or affect the validity of any rule filed or adopted prior to June 27, 1997, if such rule complied with the provisions of chapter 536, RSMo. The provisions of this section and chapter 536, RSMo, are nonseverable and if any of the powers vested with the general assembly pursuant to chapter 536, RSMo, including the ability to review, to delay the effective date, or to disapprove and annul a rule or portion of a rule, are subsequently held unconstitutional, then the purported grant of rulemaking authority and any rule so proposed and contained in the order of rulemaking shall be invalid and void.

6. The department of economic development shall provide information and technical assistance, as requested by any municipality, on the requirements of sections 99.800 to 99.865. Such information and technical assistance shall be provided in the form of a manual, written in an easy-to-follow manner, and through consultations with departmental staff.

100.255. As used in sections 100.250 to 100.297, the following terms mean:

(1) "Board", the Missouri development finance board created by section 100.265;

(2) "Borrower", any person, partnership, public or private corporation, association, development agency or any other entity eligible for funding under sections 100.250 to 100.297;

(3) "Development agency", any of the following:

(a) A port authority established pursuant to chapter 68, RSMo;

(b) The bi-state development agencies established pursuant to sections 70.370 to 70.440, RSMo, and sections 238.010 to 238.100, RSMo;

(c) A land clearance for redevelopment authority established pursuant to sections 99.300 to 99.660, RSMo;

(d) A county, city, incorporated town or village or other political subdivision or public body of this state;

(e) A planned industrial expansion authority established pursuant to sections 100.300 to 100.620;

(f) An industrial development corporation established pursuant to sections 349.010 to 349.105, RSMo;

(g) A real property tax increment financing commission established pursuant to sections 99.800 to 99.865, RSMo;

(h) Any other governmental, quasi-governmental or quasi-public corporation or entity created by state law or by resolution adopted by the governing body of a development agency otherwise described in paragraph (a) or (g) of this subdivision;

(4) "Development and reserve fund", the industrial development and reserve fund established **[**under**] pursuant to** section 100.260;

(5) "Export finance fund", the Missouri export finance fund established **[**under**] pursuant to** section 100.260;

(6) "Export trade activities" includes, but is not limited to, consulting, international market research, advertising, marketing, insurance, product research and design, legal assistance, transportation, including trade documentation and freight forwarding, communication, and processing of foreign orders to and for exporters and foreign purchases and warehousing, when undertaken to export or facilitate the export of goods or services produced or assembled in this state;

(7) "Guarantee fund", the industrial development guarantee fund established by section 100.260;

(8) "Infrastructure development fund", the infrastructure development fund established under section 100.263;

(9) "Infrastructure facilities", the highways, streets, bridges, water supply and distribution systems, mass transportation facilities and equipment, telecommunication facilities, jails and prisons, sewers and sewage treatment facilities, waste water treatment facilities, airports, railroads, reservoirs, dams and waterways in this state**, acquisition of blighted real estate and the improvements thereon, demolition of existing structures and preparation of sites in anticipation of development, public facilities** and any other improvements provided by any form of government **or development agency**;

(10) "Participating lender", a lender authorized by the board to participate with the board in the making of a loan or to make loans the repayment of which is secured by the development and reserve fund;

(11) "Project", the purchase, construction, extension, and improvement of real estate, plants, buildings, structures or facilities, whether or not now in existence, used or to be used primarily as a factory, assembly plant, manufacturing plant, fabricating plant, distribution center, warehouse building, **office building,** port terminal or facility, transportation and transfer facility, industrial plant, processing plant, commercial or agricultural facility, **nursing or retirement facility or combination thereof, recreational facility, cultural facility, public facilities, job training or other vocational training facility,** infrastructure facility, video-audio telecommunication conferencing facility, office building, facility for the prevention, reduction, disposal or control of pollution, sewage or solid waste, facility for conducting export trade activities, or research and development building in connection with any of the facilities defined as a project in this subdivision. The term "project" shall also include any improvements, including, but not limited to, road or rail construction, alteration or relocation, and construction of facilities to provide utility service for any of the facilities defined as a project under this subdivision, along with any fixtures, equipment, and machinery, and any demolition and relocation expenses used in connection with any such projects and any capital used to promote and facilitate such facilities and notes payable from anticipated revenue issued by any development agency**[**.**];**

(12) "Public facility", any facility or improvements available for use by the general public including facilities for which user or other fees are charged on a nondiscriminatory basis.

[100.264. Notwithstanding any law to the contrary, any request for a loan or bond issue that exceeds one million dollars for infrastructure facilities project as defined in section 100.255, from the infrastructure development fund as defined in section 100.263, shall not be approved unless the request for such loan or bond issue has been denied by two commercial lenders located in Missouri who regularly make such loans or underwrite such bond issues.**]**

100.275. 1. The board may at any time issue revenue bonds for the purpose of paying any part of the cost of any project or projects, or part thereof, and for the purpose of refunding any of its bonds **or the bonds of any development agency**. Every issue of its bonds shall be payable out of the revenues of the board which may be pledged for such payment, without preference or priority of the first bonds issued, subject to any agreement with the holders of any other bonds or pledging any specified revenues. The bonds shall be authorized by resolution of the board, shall bear such date or dates, and shall mature at such time or times, but not in excess of thirty years, as the resolution of the board shall specify. The bonds shall be in such denominations, bear interest at such rates, be in such form, either coupon or registered, be issued in such manner, be payable in such place or places and be subject to redemption as such resolution may provide. The bonds of the board may be sold at public or private sale, as the board may specify, at such price or prices as the board shall determine, but at not less than ninety-five percent of the principal amount thereof, and at such interest rate as the board shall determine, notwithstanding the provisions of section 108.170, RSMo.

2. The board may issue notes payable from the proceeds of bonds to be issued in the future or from such other sources as the board may specify as in the case of bonds. Such notes shall mature in not more than five years and shall be sold at public or private sale, as the board may specify, at not less than ninety-five percent of the principal amount thereof and at such interest rate as the board shall determine, notwithstanding the provisions of section 108.170, RSMo. The other details with respect to such notes shall be determined by the board as in the case of bonds.

3. The state shall not be liable on any notes or bonds of the board. Such notes or bonds shall not be a debt of the state and shall contain on the faces thereof a statement to such effect.

4. No member of the board nor any person authorized to execute notes or bonds of the board shall be liable personally on such notes or bonds or shall be subject to any personal liability or accountability by reason of the issuance thereof.

5. The notes and bonds of the board are securities in which all public bodies and political subdivisions of this state; all insurance companies and associations and all other persons carrying on an insurance business; all banks, trust companies, saving associations, savings and loan associations, credit unions, and investment companies; all administrators, guardians, executors, trustees, and other fiduciaries; and all other persons who now or may hereafter be authorized to invest in notes and bonds or other obligations of this state may properly and legally invest funds, including capital, in their control or belonging to them.

6. The board shall not be required to pay any taxes or any assessments whatsoever to this state, any political subdivision of this state, or any other governmental agency of this state. The notes and bonds of the board, and the income therefrom, shall, at all times, be exempt from any taxes and any assessments, except for estate taxes, gift taxes, and taxes on transfers.

7. Nothing contained in sections 100.250 to 100.297 shall be deemed to constitute a use of state funds or credit in violation of the provisions of article III, sections 37, 38(a) and 39, of the Missouri Constitution.

8. The board shall have the power to contract with any development agency to perform any governmental service, activity or undertaking which the contracting development agency is authorized by law to perform or to issue any bonds or notes which the contracting development agency is authorized by law to issue. Any such contract shall be authorized by the governing body of the development agency and by the board and shall

state the purpose of the contract and the powers and duties of the parties thereunder. Any bonds or notes issued by the board on behalf of a development agency shall be entitled to the same security as if such bonds or notes were issued directly by the development agency. In addition to any other security for such bonds or notes, the board may secure such bonds, notes or other indebtedness in the manner described in section 100.297.

100.296. 1. **Except as provided in section 620.014 RSMo,** sections 100.250 to 100.297 shall **[**not**]** be subject to the provisions of sections 109.200 to 109.310, RSMo, the state and local records law, or the provisions of sections 610.010 to 610.030, RSMo, relating to the meetings of governmental bodies, and a member appointed pursuant to section 100.265 shall be exempt from the provisions of chapter 105, RSMo, provided that the member shall not vote or participate in any matter in which the member has a direct or indirect interest. For the purposes of sections 100.250 to 100.297, a "direct or indirect interest" means the ownership of ten percent or more of any class of equity securities in any corporation seeking a guarantee pursuant to the provisions of sections 100.250 to 100.297, occupying the office of vice president or other office senior to the office of vice president, or a director, of any corporation seeking a guarantee pursuant to the provisions of sections 100.250 to 100.297; provided, nothing contained in sections 100.250 to 100.297, nor the provisions of chapter 105, RSMo, shall prevent any corporation, bank, or trust company from purchasing, selling, or otherwise dealing in bonds or notes or mortgages guaranteed pursuant to the provisions of sections 100.250 to 100.297. The development and reserve fund may be pledged to secure loans made through a participating lender with which a member of the board is affiliated so long as the member does not participate in or attempt to influence the approval of any such loan.

2. The board shall not knowingly extend or secure a loan or grant a tax credit to, or issue any bonds or enter into any other agreement with or on behalf of any business entity in which a board member, statewide elected official, state legislator or employee of this state has a substantial interest as defined in section 105.450, RSMo.

3. The board shall not knowingly extend or secure a loan or grant a tax credit to, or issue any bonds or enter into any other agreement with or on behalf of any business entity until each officer of the business entity has notified the board of all campaign contributions such officer has made within the previous two years **[**which are**], to the extent such contributions are not otherwise** reportable **[**under**] by the recipient, pursuant to** the provisions of chapter 130, RSMo. For the purposes of this section, "an officer" means a person who is employed by the business entity in a policy-making capacity and whose name is listed in the business entity's articles of incorporation filed with the secretary of state.

100.297. 1. The board may authorize a tax credit, as described in this section, to the owner of any revenue bonds or notes issued by the board **[**under**] pursuant to** the provisions of sections 100.250 to 100.297, for infrastructure facilities as defined in subdivision (9) of section 100.255, if, prior to the issuance of such bonds or notes, the board determines that:

(1) The availability of such tax credit is a material inducement to the undertaking of the project in the state of Missouri and to the sale of the bonds or notes;

(2) The loan with respect to the project is adequately secured by a first deed of trust or mortgage or comparable lien, or other security satisfactory to the board.

2. Upon making the determinations specified in subsection 1 of this section, the board may declare that each owner of an issue of revenue bonds or notes shall be entitled, in lieu of any other deduction with respect to such bonds or notes, to a tax credit against any tax otherwise due by such owner **[**under**] pursuant to** the provisions of chapter 143, RSMo, excluding withholding tax imposed by sections 143.191 to 143.261, RSMo, chapter 147, RSMo, or chapter 148, RSMo, in the amount of one hundred percent of the unpaid principal of and **[**accrued**] unpaid** interest on such bonds or notes held by such owner in the taxable year of such owner following the calendar year of the default of the loan by the borrower with respect to the project. The occurrence of a default shall be governed by documents authorizing the issuance of the bonds. The tax credit allowed **[**under**] pursuant to** this section shall be available to the original owners of the bonds or notes or any subsequent owner or owners thereof. Once an owner is entitled to a claim, any such tax credits shall be transferable as provided in subsection 7 of section

100.286. Notwithstanding any provision of Missouri law to the contrary, any portion of the tax credit to which any owner of a revenue bond or note is entitled **[**under**] pursuant to** this section which exceeds the total income tax liability of such owner of a revenue bond or note shall be carried forward and allowed as a credit against any future taxes imposed on such owner within the next ten years **[**under**] pursuant to** the provisions of chapter 143, RSMo, excluding withholding tax imposed by sections 143.191 to 143.261, RSMo, chapter 147, RSMo, or chapter 148, RSMo. The eligibility of the owner of any revenue bond or note issued **[**under**] pursuant to** the provisions of sections 100.250 to 100.297 for the tax credit provided by this section shall be expressly stated on the face of each such bond or note. **The tax credit allowed pursuant to this section shall also be available to any financial institution or guarantor which executes any credit facility as security for bonds issued pursuant to this section to the same extent as if such financial institution or guarantor was an owner of the bonds or notes, provided however, in such case the tax credits provided by this section shall be available immediately following any default of the loan by the borrower with respect to the project. In addition to reimbursing the financial institution or guarantor for claims relating to unpaid principal and interest, such claim may include payment of any unpaid fees imposed by such financial institution or guarantor for use of the credit facility.**

3. The aggregate principal amount of revenue bonds or notes outstanding at any time with respect to which the tax credit provided in this section shall be available shall not exceed fifty million dollars.

100.760. After receipt of an application, the board may, with the approval of the department, enter into an agreement with an eligible industry for a credit pursuant to sections 100.700 to 100.850 if the board determines that all of the following conditions exist:

(1) The applicant's project will create new jobs that were not jobs previously performed by employees of the applicant in Missouri;

(2) The applicant's project is economically sound and will benefit the people of Missouri by increasing opportunities for employment and strengthening the economy of Missouri;

(3) **[**The political subdivisions affected by the project have committed**]** Significant local incentives with respect to the project **or eligible industry have been committed, which incentives may consist of:**

(a) Cash or in-kind incentives derived from any nonstate source, including incentives provided by the affected political subdivisions, private industry and/or local chambers of commerce or similar such organizations; and/or

(b) Relief from local taxes, in either case as acceptable to the board;

(4) Receiving the credit is a major factor in the applicant's decision to go forward with the project and not receiving the credit will result in the applicant not creating new jobs in Missouri;

(5) Awarding the credit will result in an overall positive fiscal impact to the state;

(6) There is at least one other state that the applicant verifies is being considered for the project; and

(7) A significant disparity is identified, using best available data in the projected costs for the applicant's project compared to the costs in the competing state, including the impact of the competing state's incentive programs. The competing state's incentive program shall include state, local, private and federal funds.

100.840. 1. To provide funds for the present payment of the costs of economic development projects, the board may borrow money and issue and sell certificates payable from a sufficient portion of the future receipts of payments authorized by the agreement. The total amount of outstanding certificates sold by the board shall not exceed **[**thirty-five**] seventy-five** million dollars. The receipts shall be pledged to the payment of principal of and interest on the certificates. Certificates may be sold at public sale or at private sale at par, premium, or discount of

not less than ninety-five percent of the par value thereof, at the discretion of the board, and may bear interest at such rate or rates as the board shall determine, notwithstanding the provisions of section 108.170, RSMo, to the contrary. Certificates may be issued with respect to a single project or multiple projects and may contain terms or conditions as the board may provide by resolution authorizing the issuance of the certificates.

2. Certificates issued to refund other certificates may be sold at public sale or at private sale as provided in this section with the proceeds from the sale to be used for the payment of the certificates being refunded. The refunding certificates may be exchanged in payment and discharge of the certificates being refunded, in installments at different times or an entire issue or series at one time. Refunding certificates may be sold or exchanged at any time on, before, or after the maturity of the outstanding certificates to be refunded. **[**They**] Certificates** may be issued for the purpose of refunding a like, greater or lesser principal amount of certificates and may bear a higher, lower or equivalent rate of interest than the certificates being renewed or refunded.

3. The board shall determine if revenues provided in the agreement are sufficient to secure the faithful performance of obligations in the agreement.

4. Certificates issued pursuant to this section shall not be deemed to be an indebtedness of the state or the board or of any political subdivision of the state.

135.100. As used in sections 135.100 to 135.150 the following terms shall mean:

(1) "Commencement of commercial operations" shall be deemed to occur during the first taxable year for which the new business facility is first available for use by the taxpayer, or first capable of being used by the taxpayer, in the revenue producing enterprise in which the taxpayer intends to use the new business facility;

(2) "Existing business facility", any facility in this state which was employed by the taxpayer claiming the credit in the operation of a revenue producing enterprise immediately prior to an expansion, acquisition, addition, or replacement;

(3) "Facility", any building used as a revenue producing enterprise located within the state, including the land on which the facility is located and all machinery, equipment and other real and depreciable tangible personal property acquired for use at and located at or within such facility and used in connection with the operation of such facility;

(4) "New business facility", a facility which satisfies the following requirements:

(a) Such facility is employed by the taxpayer in the operation of a revenue producing enterprise. Such facility shall not be considered a new business facility in the hands of the taxpayer if the taxpayer's only activity with respect to such facility is to lease it to another person or persons. If the taxpayer employs only a portion of such facility in the operation of a revenue producing enterprise, and leases another portion of such facility to another person or persons or does not otherwise use such other portions in the operation of a revenue producing enterprise, the portion employed by the taxpayer in the operation of a revenue producing enterprise shall be considered a new business facility, if the requirements of paragraphs (b), (c), (d) and (e) of this subdivision are satisfied;

(b) Such facility is acquired by, or leased to, the taxpayer after December 31, 1983. A facility shall be deemed to have been acquired by, or leased to, the taxpayer after December 31, 1983, if the transfer of title to the taxpayer, the transfer of possession pursuant to a binding contract to transfer title to the taxpayer, or the commencement of the term of the lease to the taxpayer occurs after December 31, 1983, or, if the facility is constructed, erected or installed by or on behalf of the taxpayer, such construction, erection or installation is commenced after December 31, 1983;

(c) If such facility was acquired by the taxpayer from another person or persons and such facility was employed immediately prior to the transfer of title to such facility to the taxpayer, or to the commencement of the term of the lease of such facility to the taxpayer, by any other person or persons in the operation of a revenue producing

enterprise, the operation of the same or a substantially similar revenue producing enterprise is not continued by the taxpayer at such facility;

(d) Such facility is not a replacement business facility, as defined in subdivision (10) of this section; and

(e) The new business facility investment exceeds one hundred thousand dollars during the tax period in which the credits are claimed;

(5) "New business facility employee", a person employed by the taxpayer in the operation of a new business facility during the taxable year for which the credit allowed by section 135.110 is claimed, except that truck drivers and rail and barge vehicle operators shall not constitute new business facility employees. A person shall be deemed to be so employed if such person performs duties in connection with the operation of the new business facility on:

(a) A regular, full-time basis; or

(b) A part-time basis, provided such person is customarily performing such duties an average of at least twenty hours per week; or

(c) A seasonal basis, provided such person performs such duties for at least eighty percent of the season customary for the position in which such person is employed;

(6) "New business facility income", the Missouri taxable income, as defined in chapter 143, RSMo, derived by the taxpayer from the operation of the new business facility. For the purpose of apportionment as prescribed in this subdivision, the term "Missouri taxable income" means, in the case of insurance companies, direct premiums as defined in chapter 148, RSMo. If a taxpayer has income derived from the operation of a new business facility as well as from other activities conducted within this state, the Missouri taxable income derived by the taxpayer from the operation of the new business facility shall be determined by multiplying the taxpayer's Missouri taxable income, computed in accordance with chapter 143, RSMo, or in the case of an insurance company, computed in accordance with chapter 148, RSMo, by a fraction, the numerator of which is the property factor, as defined in paragraph (a) of this subdivision, plus the payroll factor, as defined in paragraph (b) of this subdivision, and the denominator of which is two:

(a) The property factor is a fraction, the numerator of which is the new business facility investment certified for the tax period, and the denominator of which is the average value of all the taxpayer's real and depreciable tangible personal property owned or rented and used in this state during the tax period. The average value of all such property shall be determined as provided in chapter 32, RSMo;

(b) The payroll factor is a fraction, the numerator of which is the total amount paid during the tax period by the taxpayer for compensation to persons qualifying as new business facility employees, as determined by subsection 4 of section 135.110, at the new business facility, and the denominator of which is the total amount paid in this state during the tax period by the taxpayer for compensation. The compensation paid in this state shall be determined as provided in chapter 32, RSMo. For the purpose of this subdivision, "other activities conducted within this state" shall include activities previously conducted at the expanded, acquired or replaced facility at any time during the tax period immediately prior to the tax period in which commencement of commercial operations occurred;

(7) "New business facility investment", the value of real and depreciable tangible personal property, acquired by the taxpayer as part of the new business facility, which is used by the taxpayer in the operation of the new business facility, during the taxable year for which the credit allowed by section 135.110 is claimed, except that trucks, truck-trailers, truck semitrailers, rail and barge vehicles and other rolling stock for hire, track, switches, barges, bridges, tunnels and rail yards and spurs shall not constitute new business facility investments. The total value of such property during such taxable year shall be:

(a) Its original cost if owned by the taxpayer; or

(b) Eight times the net annual rental rate, if leased by the taxpayer. The net annual rental rate shall be the annual rental rate paid by the taxpayer less any annual rental rate received by the taxpayer from subrentals. The new business facility investment shall be determined by dividing by twelve the sum of the total value of such property on the last business day of each calendar month of the taxable year. If the new business facility is in operation for less than an entire taxable year, the new business facility investment shall be determined by dividing the sum of the total value of such property on the last business day of each full calendar month during the portion of such taxable year during which the new business facility was in operation by the number of full calendar months during such period;

(8) "Office", a regional, national or international headquarters, a telemarketing operation, **[**a computer operation,**]** an insurance company, a passenger transportation ticket/reservation system or a credit card billing and processing center. For the purposes of this subdivision, "headquarters" means the administrative management of at least four integrated facilities operated by the taxpayer or related taxpayer. An office, as defined in this subdivision, when established must create and maintain positions for a minimum number of twenty-five new business facility employees as defined in subdivision (5) of this section;

(9) "Related taxpayer" shall mean:

(a) A corporation, partnership, trust or association controlled by the taxpayer;

(b) An individual, corporation, partnership, trust or association in control of the taxpayer; or

(c) A corporation, partnership, trust or association controlled by an individual, corporation, partnership, trust or association in control of the taxpayer. For the purposes of sections 135.100 to 135.150, "control of a corporation" shall mean ownership, directly or indirectly, of stock possessing at least fifty percent of the total combined voting power of all classes of stock entitled to vote; "control of a partnership or association" shall mean ownership of at least fifty percent of the capital or profits interest in such partnership or association; and "control of a trust" shall mean ownership, directly or indirectly, of at least fifty percent of the beneficial interest in the principal or income of such trust; ownership shall be determined as provided in section 318 of the U.S. Internal Revenue Code;

(10) "Replacement business facility", a facility otherwise described in subdivision (4) of this section, hereafter referred to in this subdivision as "new facility", which replaces another facility, hereafter referred to in this subdivision as "old facility", located within the state, which the taxpayer or a related taxpayer previously operated but discontinued operating on or before the close of the first taxable year in which the credit allowed by this section is claimed. A new facility shall be deemed to replace an old facility if the following conditions are met:

(a) The old facility was operated by the taxpayer or a related taxpayer during the taxpayer's or related taxpayer's taxable period immediately preceding the taxable year in which commencement of commercial operations occurs at the new facility; and

(b) The old facility was employed by the taxpayer or a related taxpayer in the operation of a revenue producing enterprise and the taxpayer continues the operation of the same or substantially similar revenue producing enterprise at the new facility. Notwithstanding the preceding provisions of this subdivision, a facility shall not be considered a replacement business facility if the taxpayer's new business facility investment, as computed in subsection 5 of section 135.110, in the new facility during the tax period in which the credits allowed in sections 135.110, 135.225 and 135.235 and the exemption allowed in section 135.220 are claimed exceed one million dollars or, if less, two hundred percent of the investment in the old facility by the taxpayer or related taxpayer, and if the total number of employees at the new facility exceeds the total number of employees at the old facility by at least two except that the total number of employees at the new facility exceeds the total number of employees at the old facility by at least twenty-five if an office as defined in subdivision (8) of this section is established by a revenue producing enterprise other than a revenue producing enterprise defined in paragraphs (a) to (g) and (i) to (l) of subdivision (11) of this section;

(11) "Revenue producing enterprise" means:

(a) Manufacturing activities classified as SICs 20 through 39;

(b) Agricultural activities classified as SIC 025;

(c) Rail transportation terminal activities classified as SIC 4013;

(d) Motor freight transportation terminal activities classified as SIC 4231;

(e) Public warehousing and storage activities classified as SICs 422 and 423 except SIC 4221, miniwarehouse warehousing and warehousing self-storage;

(f) Water transportation terminal activities classified as SIC 4491;

(g) Wholesale trade activities classified as SICs 50 and 51;

(h) Insurance carriers activities classified as SICs 631, 632 and 633;

(i) Research and development activities classified as SIC 873, except 8733;

(j) Farm implement dealer activities classified as SIC 5999;

(k) Interexchange telecommunications services as defined in subdivision (20) of section 386.020, RSMo, or training activities conducted by an interexchange telecommunications company as defined in subdivision (19) of section 386.020, RSMo;

(l) Recycling activities classified as SIC 5093;

(m) Office activities as defined in subdivision (8) of this section, notwithstanding SIC classification;

(n) Mining activities classified as SICs 10 through 14;

(o) **Computer programming, data processing and other computer-related activities classified as SIC 737;**

(p) The administrative management of any of the foregoing activities; or

[(p)**] (q)** Any combination of any of the foregoing activities;

(12) "Same or substantially similar revenue producing enterprise", a revenue producing enterprise in which the nature of the products produced or sold, or activities conducted, are similar in character and use or are produced, sold, performed or conducted in the same or similar manner as in another revenue producing enterprise;

(13) "SIC", the **primary** standard industrial classification as such classifications are defined in the 1987 edition of the Standard Industrial Classification Manual as prepared by the Executive Office of the President, Office of Management and Budget**. For the purpose of this subdivision, "primary" means at least fifty percent of the activities so classified are performed at the new business facility during the taxpayer's tax period in which such tax credits are being claimed**;

(14) "Taxpayer", an individual proprietorship, corporation described in section 143.441 or 143.471, RSMo, and partnership or an insurance company subject to the tax imposed by chapter 148, RSMo, or in the case of an insurance company exempt from the thirty percent employee requirement of section 135.230, to any obligation imposed pursuant to section 375.916, RSMo.

135.200. The following terms, whenever used in sections 135.200 to 135.256, mean:

(1) "Department", the department of economic development;

(2) "Director", the director of the department of economic development;

(3) "Facility", any building used as a revenue producing enterprise located within an enterprise zone, including the land on which the facility is located and all machinery, equipment and other real and depreciable tangible personal property acquired for use at and located at or within such facility and used in connection with the operation of such facility;

(4) "Governing authority", the body holding primary legislative authority over a county or incorporated municipality;

(5) "New business facility" shall have the meaning defined in section 135.100, except that the term "lease" as used therein shall not include the leasing of property defined in paragraph (d) of subdivision (6) of this section;

(6) "Revenue producing enterprise", means:

(a) Manufacturing activities classified as SICs 20 through 39;

(b) Agricultural activities classified as SIC 025;

(c) Rail transportation terminal activities classified as SIC 4013;

(d) Renting or leasing of residential property to low and moderate income persons as defined in federal law, 42 U.S.C. 5302(a)(20);

(e) Motor freight transportation terminal activities classified as SIC 4231;

(f) Public warehousing and storage activities classified as SICs 422 and 423 except SIC 4221, miniwarehouse warehousing and warehousing self-storage;

(g) Water transportation terminal activities classified as SIC 4491;

(h) Wholesale trade activities classified as SICs 50 and 51;

(i) Insurance carriers activities classified as SICs 631, 632 and 633;

(j) Research and development activities classified as SIC 873, except 8733;

(k) Farm implement dealer activities classified as SIC 5999;

(l) Employment agency activities classified as SIC 7361;

(m) Computer programming, data processing and other computer related activities classified as SIC 737;

(n) Health service activities classified as SICs 801, 802, 803, 804, 806, 807, 8092 and 8093;

(o) Interexchange telecommunications as defined in subdivision (20) of section 386.020, RSMo, or training activities conducted by an interexchange telecommunications company as defined in subdivision (19) of section 386.020, RSMo;

(p) Recycling activities classified as SIC 5093;

(q) Banking activities classified as SICs 602 and 603;

(r) Office activities as defined in subdivision (8) of section 135.100, notwithstanding SIC classification;

(s) Mining activities classified as SICs 10 through 14;

(t) The administrative management of any of the foregoing activities; or

(u) Any combination of any of the foregoing activities;

(7) "Satellite zone", a noncontiguous addition to an existing state designated enterprise zone;

(8) "SIC", the **primary** standard industrial classification as such classifications are defined in the 1987 edition of the Standard Industrial Classification Manual as prepared by the Executive Office of the President, Office of Management and Budget. **For the purpose of this subdivision, "primary" means at least fifty percent of the activities so classified are performed at the new business facility during the taxpayer's tax period in which such tax credits are being claimed.**

135.208. 1. In addition to the number of enterprise zones authorized under the provisions of sections 135.206 and 135.210, the department of economic development shall designate one such zone in any county of the third class which is south of the Missouri River and which adjoins one county of the second class and also the state of Oklahoma. Such designation shall only be made if the area of the county which is to be included in the enterprise zone meets all the requirements of section 135.205.

2. In addition to the number of enterprise zones authorized under the provisions of sections 135.206 and 135.210, the department of economic development shall designate one such zone in any county of the third class which borders the Missouri River and which adjoins a county of the second class with a population of at least one hundred thousand inhabitants and which contains a branch of the state university. Such designation shall only be made if the area of the county which is to be included in the enterprise zone meets all the requirements of section 135.205.

3. In addition to the number of enterprise zones authorized under the provisions of sections 135.206, 135.210 and 135.256, the department of economic development shall designate one such zone in every county of the third class without a township form of government with a population of more than seven thousand eight hundred but less than ten thousand inhabitants located south of the Missouri River, which adjoins one third class county with a township form of government, and which adjoins no first or second class county. Such enterprise zone designation shall only be made if the area in the county which is to be included in the enterprise zone meets all the requirements of section 135.205.

4. In addition to the number of enterprise zones authorized pursuant to the provisions of sections 135.206, 135.210 and 135.256, the department of economic development shall designate one such zone in a city of the third class with a population of more than eight thousand but less than ten thousand located in a county of the third classification with a township form of government with a population of more than twenty thousand but less than twenty-two thousand. Such enterprise zone designation shall only be made if the area in the city which is to be included in the enterprise zone meets all the requirements of section 135.205.

135.225. 1. The credits otherwise provided by sections 135.100 to 135.150 shall be available to any taxpayer who shall establish and operate a new business facility located within an enterprise zone, except one designated pursuant to subsection 5 of section 135.230, on the same terms and conditions specified in those sections, except that:

(1) The credit otherwise allowed for each new business facility employee employed within an enterprise zone shall be four hundred dollars;

(2) An additional credit of four hundred dollars shall be granted for each twelve-month period that a new business facility employee is a resident of an enterprise zone;

(3) An additional credit of four hundred dollars shall be granted for each twelve-month period that the person employed as a new business facility employee is a person who, at the time of such employment by the new business facility, met the criteria as set forth in section 135.240;

(4) The credit otherwise allowed for new business facility investment shall be equal to the sum of ten percent of the first ten thousand dollars of such qualifying investment, plus five percent of the next ninety thousand dollars of such qualifying investment, plus two percent of all remaining qualifying investments within an enterprise zone;

(5) In the case of a small corporation described in section 143.471, RSMo, or a partnership, the credits granted by this section shall be apportioned in proportion to the share of ownership of the taxpayer on the last day of the taxpayer's tax period for which such tax credits are being claimed, to the following:

(a) The shareholders of a small corporation described in section 143.471, RSMo;

(b) The partners in a partnership;

(6) In the case of financial institutions described **[**under**] pursuant to** the provisions of chapter 148, RSMo, the credits allowed in subdivisions (1), (2), (3) and (4) of this subsection and the credit allowed in section 135.235 may be used to offset the tax imposed by chapter 148, RSMo, and, in the case of an insurance company exempt from the thirty percent employee requirement of section 135.230, any obligations imposed pursuant to section 375.916, RSMo, subject to the same method of apportionment as prescribed for taxes imposed by chapter 143, RSMo, and as provided in subdivision (6) of section 135.100 and subsections 2 and 3 of section 135.110;

(7) If a facility within an enterprise zone, which does not constitute a new business facility, is expanded or improved by the taxpayer within the enterprise zone, the expansion or improvement shall be considered a separate facility eligible for the credits allowed in this section and section 135.235, and the exemption allowed in section 135.220, if:

(a) The new business facility investment in the expansion or improvement during the tax period in which such credits and the exemption are claimed exceeds one hundred thousand dollars or, if less than one hundred thousand dollars, is twenty-five percent of the investment in the original facility prior to expansion or improvement; and

(b) The expansion or improvement otherwise constitutes a new business facility; and

(c) The number of new business facility employees engaged or maintained in employment at the expanded or improved facility for the taxable year for which the credit is claimed equals or exceeds two and the total number of employees at the facility after expansion or improvement is at least two greater than the total number of employees before expansion or improvement. The taxpayer's investment in the expansion or improvement and in the original facility prior to expansion or improvement shall be determined in the manner provided in subdivision (7) of section 135.100;

(8) For the purpose of sections 135.200 to 135.256, an office as defined in subdivision (8) of section 135.100, when established, must create and maintain at least two new business facility employees as defined in subdivision (5) of section 135.100;

(9) In the case where a person employed by the new business facility is a resident of the enterprise zone for less than a twelve-month period, or in the case where a person employed as a new business facility employee is a person who, at the time of such employment by the new business facility, met the criteria as set forth in section 135.240, is employed for less than a twelve-month period, the credits allowed by subdivisions (2) and (3) of this subsection shall be determined by multiplying four hundred dollars by a fraction, the numerator of which is the number of calendar days during the taxpayer's tax year for which such credits are claimed, in which the person met the requirements prescribed in subdivision (2) or (3) of this subsection, and the denominator of which is three hundred and sixty-five, except that such credit shall not exceed four hundred dollars per employee in any one taxable year;

(10) The deferment of tax credit authorized in section 135.120 shall not be available to taxpayers establishing a new business facility in an enterprise zone;

(11) The allowance for additional ten-year periods to certain new business facilities as prescribed in subsection 1 of section 135.110 shall not be available to taxpayers expanding a new business facility in an enterprise zone**, except that any taxpayer who has been eligible to earn enterprise zone tax benefits for ten tax periods, or until the expiration of the fifteen-year period as prescribed in subsection 1 of section 135.230, or for the maximum period otherwise allowed by law, may qualify for the tax credits allowed in section 135.110 if otherwise eligible, pursuant to the same terms and conditions prescribed in sections 135.100 to 135.150**;

(12) Taxpayers who establish a new business facility by operating a revenue producing enterprise as defined in paragraph (d) of subdivision (6) of section 135.200 shall not be required to create and maintain new business facility employees.

2. The tax credits described in subdivisions (1), (2), (3) and (4) of subsection 1 of this section, the training credit allowed in section 135.235, and the income exemption allowed in section 135.220, shall be allowed to any taxpayer, under the same terms and conditions specified in such sections, who establishes a new business facility in an enterprise zone designated pursuant to subsection 5 of section 135.230, except that all such tax benefits shall be removed not later than seven years after the enterprise zone is designated as such.

3. Notwithstanding any provision of law to the contrary, any taxpayer who establishes a new business facility in an enterprise zone, may elect to forfeit the tax credits otherwise allowed in section 135.235 and this section and the exemptions otherwise allowed in sections 135.215 and 135.220 and the refund otherwise allowed in section 135.245, and in lieu thereof, claim the tax credits allowed in section 135.110, **[**under**] pursuant to** the same terms and conditions prescribed in sections 135.100 to 135.150. To perfect the election, the taxpayer shall attach written notification of such election to the taxpayer's initial application for claiming tax credits. The election shall be irreversible once perfected.

135.230. 1. The exemption or credit established and allowed by section 135.220 and the credits allowed and established by subdivisions (1), (2), (3) and (4) of subsection 1 of section 135.225 shall be granted with respect to any new business facility located within an enterprise zone for a period not to exceed ten years following the date upon which the new business facility commences operation within the enterprise zone, provided that all such credits allowed in sections 135.225 and 135.235 and the exemption allowed in section 135.220 shall be removed not later than fifteen years after the enterprise zone is designated as such. No credits shall be allowed pursuant to subdivision (1), (2), (3) or (4) of subsection 1 of section 135.225 or section 135.235 and no exemption shall be allowed **[**under**] pursuant to** section 135.220 unless the number of new business facility employees engaged or maintained in employment at the new business facility for the taxable year for which the credit is claimed equals or exceeds two or the new business facility is a revenue producing enterprise as defined in paragraph (d) of subdivision (6) of section 135.200. In order to qualify for either the exemption pursuant to section 135.220 or the credit pursuant to subdivision (4) of subsection 1 of section 135.225, or both, it shall be required that at least thirty percent of new business facility employees, as determined by subsection 4 of section 135.110, meet the criteria established

in section 135.240 or are residents of an enterprise zone or some combination thereof, except taxpayers who establish a new business facility by operating a revenue producing enterprise as defined in **[**paragraphs (a) and**] paragraph** (d) of subdivision (6) of section 135.200 or any taxpayer that is an insurance company that established a new business facility satisfying the requirements of subdivision (8) of section 135.100 located within an enterprise zone after June 30, 1993, and before December 31, 1994, and that employs in excess of three hundred fifty new business facility employees at such facility each tax period for which the credits allowable pursuant to subdivisions (1) to (4) of subsection 1 of section 135.225 are claimed shall not be required to meet such requirement. A new business facility described **[**in paragraph (a) of subdivision (6) of section 135.200**] as SIC 3751** shall be required to employ fifteen percent of such employees instead of the required thirty percent. For the purpose of satisfying the thirty percent requirement, residents must have lived in the enterprise zone for a period of at least one full calendar month and must have been employed at the new business facility for at least one full calendar month, and persons qualifying because they meet the requirements of section 135.240 must have satisfied such requirement at the time they were employed by the new business facility and must have been employed at the new business facility for at least one full calendar month. **[**In addition, the taxpayer shall certify to the director that the taxpayer fulfills the requirements of this section each tax period such benefits are being claimed.**]** The director may temporarily reduce or waive this requirement for any business in an enterprise zone with ten or less full-time employees, and for businesses with eleven to twenty full-time employees this requirement may be temporarily reduced. No reduction or waiver may be granted for more than one tax period and shall not be renewable. The exemptions allowed in sections 135.215 and 135.220 and the credits allowed in sections 135.225 and 135.235 and the refund established and authorized in section 135.245 shall not be allowed to any "public utility", as such term is defined in section 386.020, RSMo.

2. Notwithstanding the provisions of subsection 1 of this section, motor carriers, barge lines or railroads engaged in transporting property for hire or any interexchange telecommunications company that establish a new business facility shall be eligible to qualify for the exemptions allowed in sections 135.215 and 135.220, and the credits allowed in sections 135.225 and 135.235 and the refund established and authorized in section 135.245, except that trucks, truck-trailers, truck semitrailers, rail or barge vehicles or other rolling stock for hire, track, switches, bridges, barges, tunnels, rail yards and spurs shall not constitute new business facility investment nor shall truck drivers or rail or barge vehicle operators constitute new business facility employees.

3. Notwithstanding any other provision of sections 135.200 to 135.256 to the contrary, motor carriers establishing a new business facility on or after January 1, 1993, but before January 1, 1995, may qualify for the tax credits available pursuant to sections 135.225 and 135.235 and the exemption provided in section 135.220, even if such new business facility has not satisfied the employee criteria, provided that such taxpayer employs an average of at least two hundred persons at such facility, exclusive of truck drivers and provided that such taxpayer maintains an average investment of at least ten million at such facility, exclusive of rolling stock, during the tax period for which such credits and exemption are being claimed.

4. Any governing authority having jurisdiction of an area that has been designated an enterprise zone may petition the department to expand the boundaries of such existing enterprise zone. The director may approve such expansion if the director finds that:

(1) The area to be expanded meets the requirements prescribed in section 135.207 or 135.210, whichever is applicable;

(2) The area to be expanded is contiguous to the existing enterprise zone;

(3) The number of expansions do not exceed three after August 28, 1994.

5. Notwithstanding the fifteen-year limitation as prescribed in subsection 1 of this section, any governing authority having jurisdiction of an area that has been designated as an enterprise zone by the director, except one designated pursuant to this subsection, may file a petition, as prescribed by the director, for redesignation of such area for an additional period not to exceed seven years following the fifteenth anniversary of the enterprise zone's initial designation date; provided:

(1) The petition is filed with the director within three years prior to the date the tax credits authorized in sections 135.225 and 135.235 and the exemption allowed in section 135.220 are required to be removed pursuant to subsection 1 of this section;

(2) The governing authority identifies and conforms the boundaries of the area to be designated a new enterprise zone to the political boundaries established by the latest decennial census, unless otherwise approved by the director;

(3) The area satisfies the requirements prescribed in subdivisions (3), (4) and (5) of section 135.205 according to the latest decennial census or other appropriate source as approved by the director;

(4) The governing authority satisfies the requirements prescribed in sections 135.210, 135.215 and 135.255;

(5) The director finds that the area is unlikely to support reasonable tax assessment or to experience reasonable economic growth without such designation; and

(6) The director's recommendation that the area be designated as an enterprise zone, is approved by the joint committee on economic development policy and planning, as otherwise required in subsection 3 of section 135.210.

6. Any taxpayer having established a new business facility in an enterprise zone except one designated pursuant to subsection 5 of this section, who did not earn the tax credits authorized in sections 135.225 and 135.235 and the exemption allowed in section 135.220 for the full ten-year period because of the fifteen-year limitation as prescribed in subsection 1 of section 135.230, shall be eligible to earn such benefits for ten tax years, less the number of tax years the benefits were claimed or could have been claimed prior to the expiration of the original fifteen-year period, except that such tax benefits shall not be earned for more than seven tax periods during the ensuing seven-year period, provided the taxpayer continues to operate the new business facility in an area that is designated an enterprise zone pursuant to subsection 5 of this section. Any taxpayer who establishes a new business facility subsequent to the commencement of the ensuing seven-year period, as authorized in subsection 5 of this section, may qualify for the tax credits authorized in sections 135.225 and 135.235, and the exemptions authorized in sections 135.215 and 135.220,**[**under**] pursuant to** the same terms and conditions as prescribed in sections 135.100 to 135.256. The designation of any enterprise zone pursuant to subsection 5 of this section shall not be subject to the fifty enterprise zone limitation imposed in subsection 4 of section 135.210.

135.247. 1. Notwithstanding the provisions of sections 135.205, 135.207, and 135.210 or any other provisions to the contrary, any area having been designated by the United States Department of Housing and Urban Development as a federal empowerment zone or by the United States Department of Agriculture as an enterprise community pursuant to the federal Omnibus Budget Reconciliation Act of 1993, title XIII, chapter I, subchapter c, shall immediately upon such federal designation become and remain a state enterprise zone until the expiration of such federal designation.

2. The credits otherwise provided by sections 135.225 and 135.235, the exemption provided by section 135.220, and the refund provided by section 135.245 shall be available to any taxpayer who establishes and operates a new business facility located within a federal empowerment zone or enterprise community on the same terms and conditions specified in sections 135.100 to 135.256. The exemption provided in section 135.215 shall be available to any taxpayer who makes improvements to real property after the date the area is designated as a federal empowerment zone or enterprise community **[**under**] pursuant to** the same terms and conditions specified in section 135.215.

3. Notwithstanding any provision of law to the contrary, retail businesses, as defined by SICs 52 through 59, hotels and motels, as defined by SIC 7011, and recreational facilities as defined by SIC 7999, shall be eligible for all benefits provided pursuant to the provisions of sections 135.200 to 135.256, if:

(1) **In the case of a retail business,** such business is located within a state-designated enterprise zone located wholly or partially within a federal empowerment zone or enterprise community; or

(2) Such business is located within a satellite enterprise zone, established pursuant to subdivision (1) or (3) of subsection 1 of section 135.207, whether or not such satellite zone is contained within a federal empowerment zone or enterprise community; **[**or**] and**

(3) In the case of **[**hotels and motels**] a hotel or motel**, such business is located within an enterprise zone which is located within any county of the first classification with a population of at least five hundred thousand but less than seven hundred thousand inhabitants according to the last decennial census, or in an enterprise zone which is located within any city of the third classification which is partially located within a county of the first class with a population of one hundred fifty thousand or more which is adjacent to a county of the first classification with a population of at least five hundred thousand but less than seven hundred thousand according to the last decennial census**[**.**]; and**

(4) In the case of a recreational facility, such business is located within an area designated a satellite enterprise zone pursuant to subdivision (1) of subsection 1 of section 135.207, by the director after January 1, 1991, and before January 1, 1992, in any city not within a county, and further provided the director approves the eligibility of such recreational facility to claim tax benefits otherwise allowed in sections 135.200 to 135.256. When making such determination, the director shall consider the number and quality of new jobs to be created, the amount of payroll and investment to be generated from the proposed project, the extent to which such tax concessions are needed to induce the development, whether the area is unlikely to support reasonable tax assessment or to experience reasonable economic growth without such designation and the overall economic benefits to be realized from the proposed project.

4. For purposes of qualifying for benefits pursuant to this section, recreational facilities, as defined by SIC 7999, shall not include:

(1) An excursion gambling boat licensed pursuant to sections 313.800 to 313.850, RSMo, and the docking facility associated with such licensed excursion gambling boat; or

(2) An excursion gambling boat and docking facility as proposed on an application filed with the Missouri gaming commission.

135.400. As used in sections 135.400 to 135.430, the following terms mean:

(1) "Certificate", a tax credit certificate issued by the department of economic development in accordance with sections 135.400 to 135.430;

(2) "Community bank", either a bank community development corporation or development bank, which are financial organizations which receive investments from commercial financial institutions regulated by the federal reserve, the office of the comptroller of the currency, the office of thrift supervision, or the Missouri division of finance. Community banks, in addition to their other privileges, shall be allowed to make loans to businesses or equity investments in businesses or in real estate provided that such transactions have associated public benefits;

(3) "Community development corporation", **[**a not for profit corporation and a recipient of Community Development Block Grant (CDBG) funds pursuant to the Housing Community Development Act of 1974. Such corporations design specific, comprehensive programs to stimulate economic development, housing or other public benefits leading to the development of economically sustainable neighborhoods or communities;**] a not for profit corporation whose board of directors is composed of business, civic and community leaders, which organization's primary purpose is to encourage and promote the industrial, economic, entrepreneurial, commercial and civic development or redevelopment of a community or area, including the provision of housing and community economic development projects that benefit low-income individuals and communities;**

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

(5) "Director", the director of the department of economic development, or a person acting under the supervision of the director;

(6) "Investment", a transaction in which a Missouri small business**, a community development corporation** or a community bank receives a monetary benefit from an investor under the provisions of sections 135.403 to 135.414;

(7) "Investor", an individual, partnership, financial institution, trust or corporation meeting the eligibility requirements of sections 135.403 to 135.414. In the case of partnerships and nontaxable trusts, the individual partners or beneficiaries shall be treated as the investors;

(8) "Missouri small business", an independently owned and operated business as defined in Title 15 U.S.C. section 632(a) and as described by Title 13 C.F.R. Part 121, which is headquartered in Missouri and which employs at least eighty percent of its employees in Missouri, except that no such small business shall employ more than one hundred employees. Such businesses must be involved in interstate or intrastate commerce for the purpose of manufacturing, processing or assembling products, conducting research and development, or providing services in interstate commerce, but excluding retail, real estate, insurance or professional services**. For the purpose of qualifying for the tax credit pursuant to sections 135.400 to 135.430, "Missouri small business" shall include cooperative marketing associations organized pursuant to chapter 274, RSMo, which are engaged in the business of producing and marketing fuels derived from agricultural commodities, without regard for whether a cooperative marketing association has more than one hundred employees**;

(9) "Primary employment", work which pays at least the minimum wage and which is not seasonal or part-time;

(10) "Principal owners", one or more persons who own an aggregate of fifty percent or more of the Missouri small business and who are involved in the operation of the business as a full-time professional activity;

(11) "Project", any commercial or industrial business or other economic development activity undertaken in a target area, designed to reduce conditions of blight, unemployment or widespread reliance on public assistance which creates permanent primary employment opportunities;

(12) "State tax liability", any liability incurred by a taxpayer under the provisions of chapter 143, RSMo, chapter 147, RSMo, chapter 148, RSMo, section 375.916, RSMo, and chapter 153, RSMo, exclusive of the provisions relating to the withholding of tax as provided for in sections 143.191 to 143.265, RSMo, and related provisions;

(13) "Target area", a group of blocks or a self-defined neighborhood where the rate of poverty in the area is greater than twice the national poverty rate and as defined by the department of social services in conjunction with the department of economic development. Areas of the state satisfying the criteria of this subdivision may be designated as a "target area" following appropriate findings made and certified by the departments of economic development and social services. In making such findings, the departments of economic development and social services may use any commonly recognized records and statistical indices published or made available by any agency or instrumentality of the federal or state government. No area of the state shall be a target area until so certified by the department of social services and the revitalization plan submitted pursuant to section 208.335, RSMo, has received approval.

135.403. 1. Any investor who makes a qualified investment in a Missouri small business shall be entitled to receive a tax credit equal to forty percent of the amount of the investment and any investor who makes a qualified investment in a community bank **or a community development corporation** shall be entitled to receive a tax credit equal to **[**thirty**] fifty** percent of the amount of the investment**[**. The tax credit shall be equal to fifty percent of the investment**]** if the investment is made in a community bank **or community development corporation** for direct investment into a targeted area as defined in **[**this**]** section **135.400**. **[**At least eighty percent of the additional six million tax credits authorized by this section, and certified by the department of economic development, shall be for direct investment in targeted areas. Certification of these credits shall be limited to one million five hundred thousand in the first full year of authorization, an additional one million five hundred thousand in the second year of authorization and the two million available in the third year. To the extent that tax credits certified are less than the

maximums prescribed in this subsection, such credits may be certified in succeeding years.**]** **The total amount of tax credits available for qualified investments in Missouri small businesses shall not exceed five million dollars.** No more than twenty percent of the tax credits available each year for investments in community banks **or community development corporations** for direct investment into a targeted area shall be certified for any one project, as defined in section 135.400. The tax credit shall be evidenced by a tax credit certificate in accordance with the provisions of sections 135.400 to 135.430 and may be used to satisfy the state tax liability of the owner of the certificate that becomes due in the tax year in which the qualified investment is made, or in any of the ten tax years thereafter. No investor may receive a tax credit pursuant to sections 135.400 to 135.430 unless that person presents a tax credit certificate to the department of revenue for payment of such state tax liability. The department of revenue shall grant tax credits in the same order as established by subsection 1 of section 32.115, RSMo. Subject to the provisions of sections 135.400 to 135.430, certificates of tax credit issued in accordance with these sections may be transferred, sold or assigned by notarized endorsement thereof which names the transferee.

2. The amount of qualified investments which can be made is limited so that the aggregate of all tax credits authorized pursuant to the provisions of sections 135.400 to 135.430 shall not exceed eleven million dollars **[**nor shall the aggregate of all tax credits authorized in the first full year of authorization exceed two million dollars**]**. Six million dollars **[**of this amount**]** in tax credits shall be available as a result of investments in community banks **or community development corporations**. Aggregate investments eligible for tax credits in any one Missouri small business shall not be more than one million dollars. Aggregate investments eligible for tax credits in any one Missouri small business shall not be less than five thousand dollars as of the date of issuance of the first tax credit certificate for investment in that business.

135.405. The total amount of tax credit evidenced by certificates of tax credit issued to or owned, directly or indirectly, by a single taxpayer authorized by the department who has invested in a Missouri small business shall be not less than one thousand five hundred dollars nor more than an aggregate of one hundred thousand dollars in any one business, except that this section shall not be interpreted to limit other investment. These limits shall not apply to**[**financial institutions'**]** investments in community banks **or community development corporations**.

135.460. 1. Section 135.460 and sections 620.1100 and 620.1103, RSMo, shall be known and may be cited as the "Youth Opportunities and Violence Prevention Act".

2. As used in this section, the term "taxpayer" shall include **[**individuals as defined in section 143.011, RSMo, and corporations as defined in section 143.441, RSMo**] corporations as defined in section 143.441 or 143.471, RSMo, and individuals, individual proprietorships and partnerships**.

3. A taxpayer shall be allowed a tax credit against the tax otherwise due **[**under sections 143.011 to 143.996, RSMo,**] pursuant to chapter 143, RSMo, excluding withholding tax imposed by sections 143.191 to 143.265, RSMo, chapter 147, RSMo, chapter 148, RSMo, or chapter 153, RSMo,** in an amount equal to thirty percent for property contributions and fifty percent for monetary contributions of the amount such taxpayer contributed to the programs described in subsection 5 of this section, not to exceed two hundred thousand dollars per taxable year, per taxpayer; except **[**that, the amount of the credit claimed pursuant to this section shall not exceed the amount of the taxpayer's liability in the tax year that the credit is claimed, and except**]** as otherwise provided in subdivision (5) of subsection 5 of this section. **[**The tax credit shall be applied in the order used in section 143.805, RSMo. The taxpayer shall maintain evidence of such contribution and a copy of such evidence shall be enclosed with the taxpayer's tax return in order to receive such credit.**]** **The department of economic development shall prescribe the method for claiming the tax credits allowed in this section. No rule or portion of a rule promulgated under the authority of this section shall become effective unless it has been promulgated pursuant to the provisions of chapter 536, RSMo. All rulemaking authority delegated prior to June 27, 1997, is of no force and effect and repealed; however, nothing in this section shall be interpreted to repeal or affect the validity of any rule filed or adopted prior to June 27, 1997, if such rule complied with the provisions of chapter 536, RSMo. The provisions of this section and chapter 536, RSMo, are nonseverable and if any of the powers vested with the general assembly pursuant to chapter 536, RSMo, including the ability to review, to delay the effective date, or to disapprove and annul a rule or portion of a rule, are subsequently held unconstitutional, then the purported grant of rulemaking authority and any rule so proposed and contained in the order of rulemaking shall be invalid and void.**

4. The tax **[**credit**] credits** allowed by this section shall be claimed by the taxpayer **[**at the time the taxpayer files a return and shall be applied against the income tax liability imposed by chapter 143, RSMo, after all other credits provided by law have been applied.**] to offset the taxes that become due in the taxpayer's tax period in which the contribution was made. Any tax credit not used in such tax period may be carried over the next five succeeding tax periods.**

5. The tax credit allowed by this section may only be claimed for monetary or property contributions to public or private programs authorized to participate **[**under**] pursuant to** this section by the department of economic development and may be claimed for the development, establishment, implementation, operation, and expansion of the following activities and programs:

(1) An adopt-a-school program. Components of the adopt-a-school program shall include donations for school activities, seminars, and functions; school-business employment programs; and the donation of property and equipment of the corporation to the school;

(2) Expansion of programs to encourage school dropouts to reenter and complete high school or to complete a graduate equivalency degree program;

(3) Employment programs. Such programs shall initially, but not exclusively, target unemployed youth living in poverty and youth living in areas with a high incidence of crime;

(4) New or existing youth clubs or associations;

(5) Employment/internship/apprenticeship programs in business or trades for persons less than twenty years of age, in which case the tax credit claimed pursuant to this section shall be equal to one-half of the amount paid to the intern or apprentice in that tax year**, except that such credit shall not exceed ten thousand dollars per person**;

(6) Mentor and role model programs;

(7) Drug and alcohol abuse prevention training programs for youth;

(8) Donation of property or equipment of the taxpayer to schools, including schools which primarily educate children who have been expelled from other schools, or donation of the same to municipalities, or not for profit corporations or other not for profit organizations which offer programs dedicated to youth violence prevention as authorized by the department;

(9) Not for profit, private or public youth activity centers;

(10) Nonviolent conflict resolution and mediation programs;

(11) Youth outreach and counseling programs.

6. Any program authorized in subsection 5 of this section shall, at least annually, submit a report to the department of economic development outlining the purpose and objectives of such program, the number of youth served, the specific activities provided **[**under**] pursuant to** such program, the duration of such program and recorded youth attendance where applicable.

7. The department of economic development shall, at least annually submit a report to the Missouri general assembly listing the organizations participating, services offered and the number of youth served as the result of the implementation of this section.

8. The tax credit allowed by this section shall apply to all taxable years beginning after December 31, 1995.

9. For the purposes of the credits described in this section, in the case of a corporation described in section 143.471, RSMo, partnership, limited liability company described in section 347.015, RSMo, cooperative, marketing enterprise, or partnership, in computing Missouri's tax liability, such credits shall be allowed to the following:

(1) The shareholders of the corporation described in section 143.471, RSMo;

(2) The partners of the partnership;

(3) The members of the limited liability company; and

(4) Individual members of the cooperative or marketing enterprise.

Such credits shall be apportioned to the entities described in subdivisions (1) and (2) of this subsection in proportion to their share of ownership on the last day of the taxpayer's tax period.

135.500. 1. Sections 135.500 to 135.529 shall be known and may be cited as the "Missouri Certified Capital Company Law".

2. As used in sections 135.500 to 135.529, the following terms mean:

(1) "Affiliate of a certified company":

(a) Any person, directly or indirectly owning, controlling or holding power to vote ten percent or more of the outstanding voting securities or other ownership interests of the Missouri certified capital company;

(b) Any person ten percent or more of whose outstanding voting securities or other ownership interest are directly or indirectly owned, controlled or held with power to vote by the Missouri certified capital company;

(c) Any person directly or indirectly controlling, controlled by, or under common control with the Missouri certified capital company;

(d) A partnership in which the Missouri certified capital company is a general partner;

(e) Any person who is an officer, director or agent of the Missouri certified capital company or an immediate family member of such officer, director or agent;

(2) "Applicable percentage", one hundred percent;

(3) "Capital in a qualified Missouri business", any debt, equity or hybrid security, of any nature and description whatsoever, including a debt instrument or security which has the characteristics of debt but which provides for conversion into equity or equity participation instruments such as options or warrants which are acquired by a Missouri certified capital company as a result of a transfer of cash to a business. Capital in a qualified Missouri business shall not include secured debt instruments;

(4) "Certified capital", an investment of cash by an investor in a Missouri certified capital company;

(5) "Certified capital company", any partnership, corporation, trust or limited liability company, whether organized on a profit or not for profit basis, that is located, headquartered and registered to conduct business in Missouri that has as its primary business activity, the investment of cash in qualified Missouri businesses, and which is certified by the department as meeting the criteria of sections 135.500 to 135.529;

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

(7) "Director", the director of the department of economic development or a person acting under the supervision of the director;

(8) "Investor", any insurance company that contributes cash;

(9) "Liquidating distribution", payments to investors or to the certified capital company from earnings;

(10) "Person", any natural person or entity, including a corporation, general or limited partnership, trust or limited liability company;

(11) "Qualified distribution", any distribution or payment to equity holders of a certified capital company in connection with the following:

(a) Reasonable costs and expenses of forming, syndicating, managing and operating the certified capital company;

(b) Management fees for managing and operating the certified capital company; and

(c) Any increase in federal or state taxes, penalties and interest, including those related to state and federal income taxes, of equity owners of a certified capital company which related to the ownership, management or operation of a certified capital company;

(12) "Qualified investment", the investment of cash by a Missouri certified capital company in such a manner as to acquire capital in a qualified Missouri business;

(13) "Qualified Missouri business", an independently owned and operated business, which is headquartered and located in Missouri and which is in need of venture capital and cannot obtain conventional financing. Such business shall have no more than two hundred employees, eighty percent of which are employed in Missouri. Such business shall be involved in commerce for the purpose of manufacturing, processing or assembling products, conducting research and development, or providing services in interstate commerce, but excluding retail, real estate, real estate development, insurance and professional services provided by accountants, lawyers or physicians. If such business has been in existence for three years or less, its gross sales during its most recent complete fiscal years shall not have exceeded four million dollars. If such business has been in existence for longer than three years, its gross sales during its most recent complete fiscal year shall not have exceeded three million dollars. Any business which is classified as a qualified Missouri business at the time of the first investment in such business by a Missouri certified capital company shall, for a period of seven years from the date of such first investment, remain classified as a qualified Missouri business and may receive follow-on investments from any Missouri certified capital company and such follow-on investments shall be qualified investments even though such business may not meet the other qualifications of this subsection at the time of such follow-on investments;

(14) "State premium tax liability", any liability incurred by an insurance company **[**under**] pursuant to** the provisions of **[**section 148.370**] section 148.320, 148.340, 148.370 or 148.376**, RSMo, and **any other** related provisions**, which may impose a tax upon the premium income of insurance companies after January 1, 1997**.

135.503. 1. Any investor that makes an investment of certified capital shall, in the year of investment, earn a vested credit against state premium tax liability equal to the applicable percentage of the investor's investment of certified capital. An investor shall be entitled to take up to ten percent of the vested credit in any taxable year of the investor. Any time after three years after August 28, 1996, the director, with the approval of the commissioner of administration, may reduce the applicable percentage on a prospective basis. Any such reduction in the applicable percentage by the director shall not have any effect on credits against state premium tax liability which have been claimed or will be claimed by any investor with respect to credits which have been earned and vested pursuant to an investment of certified capital prior to the effective date of any such change.

2. An insurance company claiming a state premium tax credit earned through an investment in a certified capital company shall not be required to pay any additional retaliatory tax levied pursuant to section 375.916, RSMo, as a result of claiming such credit.

[2.**]** **3.** The credit against state premium tax liability which is described in subsection 1 of this section may not exceed the state premium tax liability of the investor for any taxable year. All such credits against state premium tax liability may be carried forward indefinitely until the credits are utilized. **The maximum amount of certified capital in one or more certified capital companies for which earned and vested tax credits will be allowed in any year to any one investor or its affiliates shall be limited to ten million dollars.**

[3.**]** **4.** The aggregate amount of certified capital for which earned and vested credits against state premium tax liability are allowed for all persons pursuant to sections 135.500 to 135.529 shall not exceed the following amounts: for calendar year 1996, $0.00; for calendar year 1997, an amount which would entitle all Missouri certified capital company investors to take aggregate credits of five million dollars; and for any year thereafter, an **additional** amount to be determined by the director but not to exceed aggregate credits of ten million dollars for any year with the approval of the commissioner of administration and reported to the general assembly as provided in subsection 2 of section 33.282, RSMo, provided that the amount so determined shall not impair the ability of an investor with earned and vested credits which have been allowed in previous years to take them, pursuant to subsection 1 of this section. During any calendar year in which the limitation described in this subsection will limit the amount of certified capital for which earned and vested credits against state premium tax liability are allowed, certified capital for which credits are allowed will be allocated in order of priority based upon the date of filing of information described in subdivision (1) of subsection 5 of section 135.516. Certified capital limited in any calendar year by the application of the provisions of this subsection shall be allowed and allocated in the immediately succeeding calendar year in the order of priority set forth in this subsection.

[4.**]** **5.** The department shall advise any Missouri certified capital company, in writing, within fifteen days after receiving the filing described in subdivision (1) of subsection 5 of section 135.516 whether the limitations of subsection 3 of this section then in effect will be applicable with respect to the investments and credits described in such filing with the department.

135.508. The department may certify profit or not for profit entities which submit an application to be designated as a Missouri certified capital company. The department shall review the organizational documents for each applicant for certification and the business history of the applicant, determine that the Missouri certified capital company's cash, marketable securities and other liquid assets are at least five hundred thousand dollars, determine that the liquid asset base for certified companies is at least five hundred thousand dollars at all times during the company's participation in the program authorized by sections 135.500 to 135.529, and determine that the officers and the board of directors, partners, trustees or managers are thoroughly acquainted with the requirements of sections 135.500 to 135.529. No insurance company **which receives tax credits permitted under sections 135.500 to 135.529 for an investment in a Missouri certified capital company [**licensed by or transacting business in Missouri**]** shall, individually or with or through one or more affiliates, be a managing general partner of or control the direction of investments of **[**a**] that**Missouri certified capital company. Within seventy-five days of application, the department shall either issue the certification and notify the department of revenue and the director of the department of insurance of such certification or shall refuse the certification and communicate in detail to the applicant the grounds for the refusal, including the suggestions for the removal of those grounds. The department shall be responsible for the administration of the tax credits authorized by sections 135.500 to 135.529. **No rule or portion of a rule promulgated under the authority of sections 135.500 to 135.529 shall become effective unless it has been promulgated pursuant to the provisions of chapter 536, RSMo. All rulemaking authority delegated prior to June 27, 1997, is of no force and effect and repealed; however, nothing in this section shall be interpreted to repeal or affect the validity of any rule filed or adopted prior to June 27, 1997, if such rule complied with the provisions of chapter 536, RSMo. The provisions of this section and chapter 536, RSMo, are nonseverable and if any of the powers vested with the general assembly pursuant to chapter 536, RSMo, including the ability to review, to delay the effective date, or to disapprove and annul a rule or portion of a rule, are subsequently held unconstitutional, then the purported grant of rulemaking authority and any rule so proposed and contained in the order of rulemaking shall be invalid and void.**

135.516. 1. To continue to be certified, a Missouri certified capital company shall make qualified investments according to the following schedule:

(1) Within two years after the date on which a Missouri certified capital company is designated as a Missouri certified capital company at least twenty-five percent of its certified capital shall be, or have been, placed in qualified investments;

(2) Within three years after the date on which a Missouri certified capital company is designated as a Missouri certified capital company at least forty percent of its certified capital shall be, or have been, placed in qualified investments;

(3) Within four years after the date on which a Missouri certified capital company is designated as a Missouri certified capital company, at least fifty percent of its total certified capital shall be, or have been, placed in qualified investments. A Missouri certified capital company may not make an investment in an affiliate of the certified capital company. For the purposes of this subsection, if a legal entity is not an affiliate before a certified capital company initially invests in the entity, it will not be an affiliate if a certified capital company provides additional investment in such entity subsequent to its initial investment;

(4) A certified capital company, at least fifteen working days prior to making what it determines to be an initial qualified investment in a specific qualified Missouri business, shall certify to the department that the company in which it proposes to invest meets the definition of a qualified Missouri business pursuant to subdivision (14) of subsection 2 of section 135.500. The certified capital company shall state the amount of capital it intends to invest and the name of the business in which it intends to invest. The certified capital company shall also provide to the department an explanation of its determination that the business meets the definition of a qualified Missouri business. If the department determines that the business does not meet the definition of a qualified Missouri business, it shall, within the fifteen-working-day period prior to the making of the proposed investment, notify the certified capital company of its determination and an explanation thereof. If the department fails to notify the certified capital company with respect to the proposed investment within the fifteen-working-day period prior to the making of the proposed investment, the company in which the certified capital company proposes to invest shall be deemed to be a qualified Missouri business. If a certified capital company fails to notify the department prior to making an initial investment in a business, the department may subsequently determine that the business in which the certified capital company invested was not a qualified Missouri business even though the business, at the time of the investment, met the requirements of subdivision (14) of subsection 2 of section 135.500;

(5) All certified capital which is not required to be placed in qualified investments or which has been placed in qualified investments and can be received by the company, may be held or invested in such manner as the Missouri certified capital company, in its discretion, deems appropriate. The proceeds of all certified capital which is received by a certified capital company after it was originally placed in qualified investments may be placed again in qualified investments and shall count toward any requirement in sections 135.500 to 135.529 with respect to placing certified capital in qualified investments.

2. A certified capital company may make qualified distributions at any time. In order to make distributions, other than qualified distributions, a certified capital company must have placed an amount cumulatively equal to one hundred percent of its certified capital in qualified investments. Cumulative distributions to equity holders, other than qualified distributions, in excess of the certified capital company's original certified capital and any additional capital contributions to the certified capital company shall be subject to audit by a nationally recognized certified public accounting firm acceptable to the department, at the expense of the certified capital company. The audit shall determine whether aggregate cumulative distributions to all investors and equity holders, other than qualified distributions, when combined with all tax credits utilized by investors pursuant to sections 135.500 to 135.529, have resulted in an annual internal rate of return of fifteen percent computed on the sum of total original certified capital of the certified capital company and any additional capital contributions to the certified capital company. Twenty-five percent of distributions made, other than qualified distributions, in excess of the amount required to produce a fifteen percent annual internal rate of return, as determined by the audit, shall be payable by the certified capital company to the**[**development reserve fund of the**]** Missouri development finance board. Distributions or payments to debt holders of a certified capital company, however, may be made without restriction with respect to debt owed

to them by a certified capital company. A debt holder that is also an investor or equity holder of a certified capital company may receive distributions or payments with respect to such debt without restriction.

3. No qualified investment may be made at a cost to a Missouri certified capital company greater than fifteen percent of the total certified capital under management of the Missouri certified capital company at the time of investment.

4. Documents and other materials submitted by Missouri certified capital companies or by businesses for purposes of the continuance of certification may be deemed "closed records" pursuant to the provisions of section 620.014, RSMo.

5. Each Missouri certified capital company shall report the following to the department:

(1) As soon as practicable after the receipt of certified capital, the name of each investor from which the certified capital was received, the amount of each investor's investment of certified capital and tax credits computed without regard to any limitations under subsection 3 of section 135.503, and the date on which the certified capital was received;

(2) On a quarterly basis, the amount of the Missouri certified capital company's certified capital at the end of the quarter, whether or not the Missouri certified capital company has invested more than fifteen percent of the total certified capital under management in any one company, and all qualified investments that the Missouri certified capital company has made;

(3) Each Missouri certified capital company shall provide annual audited financial statements to the department which include an opinion of an independent certified public accountant to the department within ninety days of the close of the fiscal year. The audit shall address the methods of operation and conduct of the business of the Missouri certified capital company to determine if the Missouri certified capital company is complying with the statutes and program rules and that the funds received by the Missouri certified capital company have been invested as required within the time limits provided by sections 135.500 to 135.529.

143.451. 1. Missouri taxable income of a corporation shall include all income derived from sources within this state.

2. A corporation described in subdivision (1) of subsection 1 of section 143.441 shall include in its Missouri taxable income all income from sources within this state, including that from the transaction of business in this state and that from the transaction of business partly done in this state and partly done in another state or states. However:

(1) Where income results from a transaction partially in this state and partially in another state or states, and income and deductions of the portion in the state cannot be segregated, then such portions of income and deductions shall be allocated in this state and the other state or states as will distribute to this state a portion based upon the portion of the transaction in this state and the portion in such other state or states.

(2) The taxpayer may elect to compute the portion of income from all sources in this state in the following manner:

(a) The income from all sources shall be determined as provided, excluding therefrom the figures for the operation of any bridge connecting this state with another state.

(b) The amount of sales which are transactions wholly in this state shall be added to one-half of the amount of sales which are transactions partly within this state and partly without this state, and the amount thus obtained shall be divided by the total sales or in cases where sales do not express the volume of business, the amount of business transacted wholly in this state shall be added to one-half of the amount of business transacted partly in this state and partly outside this state and the amount thus obtained shall be divided by the total amount of business transacted, and the net income shall be multiplied by the fraction thus obtained, to determine the proportion of income to be

used to arrive at the amount of Missouri taxable income. The investment or reinvestment of its own funds, or sale of any such investment or reinvestment, shall not be considered as sales or other business transacted for the determination of said fraction.

(3) For the purposes of this section, a transaction involving the sale of tangible property is:

(a) "Wholly in this state" if both the seller's shipping point and the purchaser's destination point are in this state;

(b) "Partly within this state and partly without this state" if the seller's shipping point is in this state and the purchaser's destination point is outside this state, or the seller's shipping point is outside this state and the purchaser's destination point is in this state;

(c) Not "wholly in this state" or not "partly within this state and partly without this state" only if both the seller's shipping point and the purchaser's destination point are outside this state;

(d) For purposes of this subdivision the purchaser's destination point shall be determined without regard to the FOB point or other conditions of the sale, and the seller's shipping point is determined without regard to the location of the seller's principle office or place of business.

(4) For purposes of this subsection, the following words shall, unless the context otherwise requires, have the following meaning:

(a) "Administration services" include, but are not limited to, clerical, fund or shareholder accounting, participant record keeping, transfer agency, bookkeeping, data processing, custodial, internal auditing, legal and tax services performed for an investment company;

(b) "Affiliate", the meaning as set forth in 15 U.S.C. section 80a-2(a)(3)(C), as may be amended from time to time;

(c) "Distribution services" include, but are not limited to, the services of advertising, servicing, marketing, underwriting or selling shares of an investment company, but, in the case of advertising, servicing or marketing shares, only where such service is performed by a person who is, or in the case of a closed end company, was, either engaged in the services of underwriting or selling investment company shares or affiliated with a person that is engaged in the service of underwriting or selling investment company shares. In the case of an open end company, such service of underwriting or selling shares must be performed pursuant to a contract entered into pursuant to 15 U.S.C. section 80a-15(b), as from time to time amended;

(d) "Investment company", any person registered under the federal Investment Company Act of 1940, as amended from time to time, (the act) or a company which would be required to register as an investment company under the act except that such person is exempt to such registration pursuant to section 80a-3(c)(1) of the act;

(e) "Investment funds service corporation" includes any corporation or S corporation doing business in the state which derives more than fifty percent of its gross income in the ordinary course of business from the provision directly or indirectly of management, distribution or administration services to or on behalf of an investment company or from trustees, sponsors and participants of employee benefit plans which have accounts in an investment company. An investment funds service corporation shall include any corporation or S corporation providing management services as an investment advisory firm registered under Section 203 of the Investment Advisors Act of 1940, as amended from time to time, regardless of the percentage of gross revenues consisting of fees from management services provided to or on behalf of an investment company;

(f) "Management services" include but are not limited to, the rendering of investment advice directly or indirectly to an investment company making determinations as to when sales and purchases of securities are to be made on behalf of the investment company, or the selling or purchasing of securities constituting assets of an investment company, and related activities, but only where such activity or activities are performed:

a. Pursuant to a contract with the investment company entered into pursuant to 15 U.S.C. section 80a-15(a), as from time to time amended;

b. For a person that has entered into such contract with the investment company; or

c. For a person that is affiliated with a person that has entered into such contract with an investment company;

(g) "Qualifying sales", gross income derived from the provision directly or indirectly of management, distribution or administration services to or on behalf of an investment company or from trustees, sponsors and participants of employee benefit plans which have accounts in an investment company. For purposes of this section, gross income is defined as that amount of income earned from qualifying sources without deduction of expenses related to the generation of such income;

(h) "Residence", presumptively the fund shareholder's mailing address on the records of the investment company. If, however, the investment company or the investment funds service corporation has actual knowledge that the fund shareholder's primary residence or principal place of business is different than the fund shareholder's mailing address such presumption shall not control. To the extent an investment funds service corporation does not have access to the records of the investment company, the investment funds service corporation may employ reasonable methods to determine the investment company fund shareholder's residence.

(5) Notwithstanding other provisions of law to the contrary, qualifying sales of an investment funds service corporation, or S corporation, shall be considered wholly in this state only to the extent that the fund shareholders of the investment companies, to which the investment funds service corporation, or S corporation, provide services, are residenced in this state. Wholly in this state qualifying sales of an investment funds service corporation, or S corporation, shall be determined as follows:

(a) By multiplying the investment funds service corporation's total dollar amount of qualifying sales from services provided to each investment company by a fraction, the numerator of which shall be the average of the number of shares owned by the investment company's fund shareholders residenced in this state at the beginning of and at the end of the investment company's taxable year that ends with or within the investment funds service corporation's taxable year, and the denominator of which shall be the average of the number of shares owned by the investment company's fund shareholders everywhere at the beginning of and at the end of the investment company's taxable year that ends with or within the investment funds service corporation's taxable year;

(b) A separate computation shall be made to determine the wholly in this state qualifying sales from each investment company. The qualifying sales for each investment company shall be multiplied by the respective percentage of each fund, as calculated pursuant to paragraph (a) of this subdivision. The product of this equation shall result in the wholly in this state qualifying sales. The qualifying sales for each investment company which are not wholly in this state will be considered wholly without this state;

(c) To the extent an investment funds service corporation has sales which are not qualifying sales, those nonqualified sales shall be apportioned to this state based on the methodology utilized by the investment funds service corporation without regard to this subdivision.

3. Any corporation described in subdivision (1) of subsection 1 of section 143.441 organized in this state or granted a permit to operate in this state for the transportation or care of passengers shall report its gross earnings within the

state on intrastate business and shall also report its gross earnings on all interstate business done in this state which report shall be subject to inquiry for the purpose of determining the amount of income to be included in Missouri taxable income. The previous sentence shall not apply to a railroad.

4. A corporation described in subdivision (2) of subsection 1 of section 143.441 shall include in its Missouri taxable income all income arising from all sources in this state and all income from each transportation service wholly within this state, from each service where the only lines of such corporation used are those in this state, and such proportion of revenue from each service where the facilities of such corporation in this state and in another state or states are used, as the mileage used over the lines of such corporation in the state shall bear to the total mileage used over the lines of such corporation. The taxpayer may elect to compute the portion of income from all sources within this state in the following manner:

(1) The income from all sources shall be determined as provided;

(2) The amount of investment of such corporation on December thirty-first of each year in this state in fixed transportation facilities, real estate and improvements, plus the value on December thirty-first of each year of any fixed transportation facilities, real estate and improvements in this state leased from any other railroad shall be divided by the sum of the total amount of investment of such corporation on December thirty-first of each year in fixed transportation facilities, real estate and improvements, plus the value on December thirty-first of each year, of any fixed transportation facilities, real estate and improvements leased from any other railroad. Where any fixed transportation facilities, real estate or improvements are leased by more than one railroad, such portion of the value shall be used by each railroad as the rental paid by each shall bear to the rental paid by all lessees. The income shall be multiplied by the fraction thus obtained to determine the proportion to be used to arrive at the amount of Missouri taxable income.

5. A corporation described in subdivision (3) of subsection 1 of section 143.441 shall include in its Missouri taxable income one-half of the net income from the operation of a bridge between this and another state. If any such bridge is owned or operated by a railroad corporation or corporations, or by a corporation owning a railroad corporation using such bridge, then the figures for operation of such bridge may be included in the return of such railroad or railroads; or if such bridge is owned or operated by any other corporation which may now or hereafter be required to file an income tax return, one-half of the income or loss to such corporation from such bridge may be included in such return by adding or subtracting same to or from another net income or loss shown by the return.

6. A corporation described in subdivision (4) of subsection 1 of section 143.441 shall include in its Missouri taxable income all income arising from all sources within this state. Income shall include revenue from each telephonic or telegraphic service rendered wholly within this state; from each service rendered for which the only facilities of such corporation used are those in this state; and from each service rendered over the facilities of such corporation in this state and in other state or states, such proportion of such revenue as the mileage involved in this state shall bear to the total mileage involved over the lines of said company in all states. The taxpayer may elect to compute the portion of income from all sources within this state in the following manner:

(1) The income from all sources shall be determined as provided;

(2) The amount of investment of such corporation on December thirty-first of each year in this state in telephonic or telegraphic facilities, real estate and improvements thereon, shall be divided by the amount of the total investment of such corporation on December thirty-first of each year in telephonic or telegraphic facilities, real estate and improvements. The income of the taxpayer shall be multiplied by fraction thus obtained to determine the proportion to be used to arrive at the amount of Missouri taxable income.

7. From the income determined in subsections 2, 3, 4, 5 and 6 of this section to be from all sources within this state shall be deducted such of the deductions for expenses in determining Missouri taxable income as were incurred in this state to produce such income and all losses actually sustained in this state in the business of the corporation.

8. If a corporation derives only part of its income from sources within Missouri, its Missouri taxable income shall only reflect the effect of the following listed deductions to the extent applicable to Missouri. The deductions are: (a) its deduction for federal income taxes pursuant to section 143.171, and (b) the effect on Missouri taxable income of the deduction for net operating loss allowed by Section 172 of the Internal Revenue Code. The extent applicable to Missouri shall be determined by multiplying the amount that would otherwise affect Missouri taxable income by the ratio for the year of the Missouri taxable income of the corporation for the year divided by the Missouri taxable income for the year as though the corporation had derived all of its income from sources within Missouri. For the purpose of the preceding sentence, Missouri taxable income shall not reflect the listed deductions.

9. Any investment funds service corporation organized as a corporation or S corporation which has any shareholders residenced in this state shall be subject to Missouri income tax as provided in this chapter.

[143.805. 1. Credits granted by other provisions of the statutes shall be applied against the tax imposed by this chapter in the following order:

(1) Credit for income tax paid to another state authorized in section 143.081;

(2) New business facility credit authorized in sections 135.100 to 135.160, RSMo;

(3) Economic development credit authorized in subsection 6 of section 100.286, RSMo;

(4) Missouri low-income housing tax credit authorized in subsection 2 of section 135.352, RSMo;

(5) Employment of unemployed agriculture workers tax credit authorized in sections 135.275 to 135.287, RSMo;

(6) Wood energy producer tax credit authorized in sections 135.300 to 135.311, RSMo;

(7) Contributions to innovations centers and the corporation for science and technology tax credit authorized in sections 348.300 to 348.318, RSMo;

(8) Neighborhood assistance credit authorized in sections 32.105 to 32.125, RSMo;

(9) Special needs child adoption credit authorized in section 135.327, RSMo;

(10) Enterprise zone credit authorized in sections 135.200 to 135.255, RSMo;

(11) Senior citizens property tax credit authorized in sections 135.010 to 135.035, RSMo.

2. The director of revenue may prescribe the priority of any other credit authorized by law.**]**

178.895. 1. To provide funds for the present payment of the costs of new jobs training programs, a community college district may borrow money and issue and sell certificates payable from a sufficient portion of the future receipts of payments authorized by the agreement including disbursements from the Missouri community college job training program to the special fund established by the district for each project. The total amount of outstanding certificates sold by all junior college districts shall not exceed twenty million dollars, unless an increased amount is authorized in writing by a majority of members of the Missouri job training joint legislative oversight committee. The certificates shall be marketed through financial institutions authorized to do business in Missouri. The receipts shall be pledged to the payment of principal of and interest on the certificates. Certificates may be sold at public sale or at private sale at par, premium, or discount of not less than ninety-five percent of the par value thereof, at the discretion of the board of trustees, and may bear interest at such rate or rates as the board of trustees shall determine, notwithstanding the provisions of section 108.170, RSMo, to the contrary. However, chapter 176, RSMo, does not apply to the issuance of these certificates. Certificates may be issued with respect to a

single project or multiple projects and may contain terms or conditions as the board of trustees may provide by resolution authorizing the issuance of the certificates.

2. Certificates issued to refund other certificates may be sold at public sale or at private sale as provided in this section with the proceeds from the sale to be used for the payment of the certificates being refunded. The refunding certificates may be exchanged in payment and discharge of the certificates being refunded, in installments at different times or an entire issue or series at one time. Refunding certificates may be sold or exchanged at any time on, before, or after the maturity of the outstanding certificates to be refunded. They may be issued for the purpose of refunding a like, greater, or lesser principal amount of certificates and may bear a higher, lower, or equivalent rate of interest than the certificates being renewed or refunded.

3. Before certificates are issued, the board of trustees shall publish once a notice of its intention to issue the certificates, stating the amount, the purpose, and the project or projects for which the certificates are to be issued. A person may, within fifteen days after the publication of the notice, by action in the circuit court of a county in the district, appeal the decision of the board of trustees to issue the certificates. The action of the board of trustees in determining to issue the certificates is final and conclusive unless the circuit court finds that the board of trustees has exceeded its legal authority. An action shall not be brought which questions the legality of the certificates, the power of the board of trustees to issue the certificates, the effectiveness of any proceedings relating to the authorization of the project, or the authorization and issuance of the certificates from and after fifteen days from the publication of the notice of intention to issue.

4. The board of trustees shall determine if revenues provided in the agreement are sufficient to secure the faithful performance of obligations in the agreement.

5. Certificates issued under this section shall not be deemed to be an indebtedness of the state or the community college district or of any other political subdivision of the state and the principal and interest on such certificates shall be payable only from the sources provided in subdivision (1) of section 178.893 which are pledged in the agreement.

6. The department of economic development shall coordinate the new jobs training program, and may promulgate rules that districts will use in developing projects with new and expanding industrial new jobs training proposals which shall include rules providing for the coordination of such proposals with the service delivery areas established in the state to administer federal funds pursuant to the federal Job Training Partnership Act. **[**No rule or portion of a rule promulgated under the authority of sections 178.892 to 178.896 shall become effective unless it has been promulgated pursuant to the provisions of section 536.024, RSMo.**] No rule or portion of a rule promulgated under the authority of sections 178.892 to 178.896 shall become effective unless it has been promulgated pursuant to the provisions of chapter 536, RSMo. All rulemaking authority delegated prior to June 27, 1997, is of no force and effect and repealed; however, nothing in this section shall be interpreted to repeal or affect the validity of any rule filed or adopted prior to June 27, 1997, if such rule complied with the provisions of chapter 536, RSMo. The provisions of this section and chapter 536, RSMo, are nonseverable and if any of the powers vested with the general assembly pursuant to chapter 536, RSMo, including the ability to review, to delay the effective date, or to disapprove and annul a rule or portion of a rule, are subsequently held unconstitutional, then the purported grant of rulemaking authority and any rule so proposed and contained in the order of rulemaking shall be invalid and void.**

7. No community college district may sell certificates as described in this section after July 1, **[**1998**] 2008**.

178.896. 1. There is hereby established within the state treasury a special fund, to be known as the "Missouri Community College Job Training Program Fund", to be administered by the division of job development and training. The department of revenue shall credit to the community college job training program fund, as received, all new jobs credit from withholding remitted by employers pursuant to section 178.894. The fund shall also consist of any gifts, contributions, grants or bequests received from federal, private or other sources. The general assembly, however, shall not provide for any transfer of general revenue funds into the community college job training program fund. Moneys in the Missouri community college job training program fund shall be disbursed to the

division of job development and training pursuant to regular appropriations by the general assembly. The division shall disburse such appropriated funds in a timely manner into the special funds established by community college districts for projects, which funds shall be used to pay program costs, including the principal of, premium, if any, and interest on certificates issued by the district to finance or refinance, in whole or in part, a project. Such disbursements by the division of job development and training shall be made to the special fund for each project in the same proportion as the new jobs credit from withholding remitted by the employer participating in such project bears to the total new jobs credit from withholding remitted by all employers participating in projects during the period for which the disbursement is made. Moneys for new jobs training programs established under the provisions of sections 178.892 to 178.896 shall be obtained from appropriations made by the general assembly from the Missouri community college job training program fund. All moneys remaining in the Missouri community college job training program fund at the end of any fiscal year shall not lapse to the general revenue fund, as provided in section 33.080, RSMo, but shall remain in the Missouri community college job training program fund.

2. The department of revenue shall develop such forms as are necessary to demonstrate accurately each employer's new jobs credit from withholding paid into the Missouri community college job training program fund. The new jobs credit from withholding shall be accounted as separate from the normal withholding tax paid to the department of revenue by the employer. Reimbursements made by all employers to the Missouri community college job training program fund shall be no less than all allocations made by the division of job development and training to all community college districts for all projects. The employer shall remit the amount of the new job credit to the department of revenue in the same manner as provided in sections 143.191 to 143.265, RSMo.

3. Sections 178.892 to 178.896 shall expire July 1, **[**2008**]** **2018**.

253.545. As used in sections 253.545 to 253.559, the following terms mean, unless the context requires otherwise:

(1) "Certified historic structure", a property located in Missouri and listed individually on the National Register of Historic Places;

(2) "Eligible property", property located in Missouri and offered or used for residential or business purposes;

(3) "Structure in a certified historic district", a structure located in Missouri which is certified by the department of natural resources as contributing to the historic significance of a certified historic district listed on the National Register of Historic Places, or a local district that has been certified by the United States Department of the Interior.

253.550. Any person, firm, partnership, trust, estate, or corporation incurring costs and expenses for the rehabilitation of eligible property, which is a certified historic structure or structure in a certified historic district, shall be entitled to a credit against the taxes imposed pursuant to chapters 143 and 148, RSMo, except for sections 143.191 to 143.265, RSMo, on that person or entity in an amount equal to twenty-five percent of the total costs and expenses of rehabilitation incurred after the effective date hereof, which shall include, but not be limited to, qualified rehabilitation expenditures as defined under section 47(c)(2)(A) of the Internal Revenue Code of 1986, as amended, and the related regulations thereunder, provided the rehabilitation costs associated with rehabilitation and the expenses exceed fifty percent of the total basis in the property and the rehabilitation meets standards consistent with the standards of the Secretary of the United States Department of the Interior for rehabilitation as determined by the state historic preservation officer of the Missouri department of natural resources.

253.557. If the amount of such credit exceeds the total tax liability for the year in which the rehabilitated property is placed in service, the amount that exceeds the state tax liability may be carried back to any of the three preceding years or carried forward for credit against the taxes imposed pursuant to chapter 143, RSMo, except for sections 143.191 to 143.265, RSMo, for the succeeding ten years, or until the full credit is used, whichever occurs first. Credits granted to a partnership, a limited liability company taxed as a

partnership or multiple owners of property shall be passed through to the partners, members or owners respectively pro rata or pursuant to an executed agreement among the partners, members or owners documenting an alternate distribution method.

253.559. 1. To claim the credit authorized pursuant to sections 253.550 to 253.561, the taxpayer shall apply to the department of economic development which, in consultation with the department of natural resources, shall determine the amount of eligible rehabilitation costs and expenses and whether the rehabilitation meets the standards of the Secretary of the United States Department of the Interior. The issuing of certificates of eligible credits to taxpayers shall be performed by the department of economic development. The taxpayer shall attach the certificate to all Missouri income tax returns on which the credit is claimed.

2. The department of economic development shall determine, on an annual basis, the overall economic impact to the state from the rehabilitation of eligible property.

253.561. The provisions of sections 253.545 to 253.559 shall become effective on January 1, 1998.

447.710. 1. There is hereby created in the state treasury a fund to be known as the "Property Reuse **Revolving** Fund". The property reuse fund is intended to provide ten million dollars annually in uncommitted funds for direct loans,**loan** guarantees and grants. The **revolving** fund shall consist of all moneys which may be appropriated to it by the general assembly **[**and also**]** any gifts, contributions, grants or bequests received from federal, private or other sources**[.], and moneys from the repayment of any loans or loan guarantees. Notwithstanding the provisions of section 33.080, RSMo, no portion of the revolving fund shall be transferred to the general revenue fund at the end of any biennium.**

2. At least annually, the state treasurer shall certify the amount deposited in the fund to the departments of economic development, natural resources and revenue.

3. Any portion of the property reuse **revolving** fund not immediately needed for the purposes authorized shall be invested by the state treasurer as provided by the constitution and laws of this state. All income from such investments shall be credited to the property reuse **revolving** fund.

620.030. The department of economic development shall have the authority to contract directly with the Missouri technology corporation, as established in section 348.251, RSMo, innovation centers, as established in section 348.271, RSMo, small business development centers, as established in sections 620.1000 to 620.1007, centers for advanced technology, as established in section 348.272, RSMo, and other entities or organizations for the provision of technology application, technology commercialization and technology development services. Such contracting procedures shall not be subject to the provisions of chapter 34, RSMo.

620.1023. 1. There is hereby created in the state treasury a revolving fund to be administered by the department of economic development to be known as the "Business Extension Service Team Fund". The fund shall consist of all moneys which may be appropriated to it by the general assembly, gifts, contributions, grants or bequests received from federal, private or other sources. A percentage of the moneys in such fund shall be used by the department for grants or loans for qualified community development projects in order to create or retain jobs in any city not within a county and any city with a population of three hundred fifty thousand or more inhabitants which is located in more than one county, and shall be targeted toward economically blighted urban districts for new businesses, expansion of existing businesses and for employee training and housing. The department may require such grants or loans to be made on a matching fund basis. As used in this subdivision, "economically blighted urban districts" means areas which meet all of the following criteria:

(1) The area is one of pervasive poverty, unemployment, and general distress;

(2) The area is located wholly within an area which meets the requirements for federal assistance under section 119 of the Housing and Community Development Act of 1974, as amended;

(3) At least sixty-five percent of the residents living in the area have incomes below eighty percent of the median income of all residents within the state of Missouri according to the last decennial census or other appropriate source as approved by the director of the department of economic development;

(4) The resident population of the area is at least four thousand at the time of designation as an economically blighted urban district. If the population of the jurisdiction of the governing authority does not meet the minimum population requirements set forth in this subdivision, the population of the area must be at least fifty percent of the population of the jurisdiction; and

(5) The level of unemployment of persons, according to the most recent data available from the division of employment security or from the United States Bureau of Census and approved by the director of the department of economic development, within the area exceeds one and one-half times the average rate of unemployment for the state of Missouri over the previous twelve months, or the percentage of area residents employed on a full-time basis is less than fifty percent of the statewide percentage of residents employed on a full-time basis.

2. **The department of economic development may use a percentage of the moneys in the fund established in subsection 1 of this section to directly contract with community development corporations established pursuant to section 135.400, RSMo, for the provision of job training or for creating or retaining jobs in any area meeting the criteria outlined in subsection 1 of this section.**

3. All moneys remaining in the business extension service team fund at the end of the fiscal year shall not lapse to the general revenue fund, as provided in section 33.080, RSMo, but shall remain in the business extension service team fund.

620.1039. 1. As used in this section, the term "taxpayer" means an individual, a partnership, or a corporation as described in section 143.441, 143.471 or 148.370, RSMo, and the term "qualified research expenses" has the same meaning as prescribed in 26 U.S.C. 41.

2. Beginning January 1, 1994, a taxpayer shall be allowed a tax credit against the tax otherwise due pursuant to chapter 143, RSMo, **or chapter 148, RSMo,** other than the taxes withheld pursuant to sections 143.191 to 143.265, RSMo, in an amount equal to six and one-half percent of the excess of the taxpayer's qualified research expenses, as certified by the director of the department of economic development, within this state during the taxable year over the average of the taxpayer's qualified research expenses within this state over the immediately preceding three taxable years; except that, no tax credit shall be allowed on that portion of the taxpayer's qualified research expenses incurred within this state during the taxable year in which the credit is being claimed, to the extent such expenses exceed two hundred percent of the taxpayer's average qualified research expenses incurred during the immediately preceding three taxable years. In order to receive a tax credit pursuant to this section, certification by the director of the department of economic development shall be required as proof that the taxpayer made qualified research expenses during the taxable year.

3. The director of economic development shall prescribe the manner in which the tax credit may be claimed. The tax credit allowed by this section shall be claimed by the taxpayer to offset the **[**income**]** tax liability imposed by chapter 143, RSMo, **or chapter 148, RSMo,** that becomes due in the tax year during which such qualified research expenses were incurred. Where the amount of the credit exceeds the tax liability, the difference between the credit and the tax liability may only be carried forward for the next five succeeding taxable years or until the full credit has been claimed, whichever first occurs. The application for claiming tax credits allowed in subsection 2 of this section shall be made in the taxpayer's tax period immediately following the tax period for which the credits are being claimed. **No rule or portion of a rule promulgated under the authority of this section shall become effective unless it has been promulgated pursuant to the provisions of chapter 536, RSMo. All rulemaking authority delegated prior to June 27, 1997, is of no force and effect and repealed; however, nothing in this section shall be interpreted to repeal or affect the validity of any rule filed or adopted prior to June 27, 1997, if such rule complied with the provisions of chapter 536, RSMo. The provisions of this section and chapter 536, RSMo, are nonseverable and if any of the powers vested with the general assembly pursuant to chapter 536, RSMo, including the ability to review, to delay the effective date, or to disapprove and annul a rule or portion of a**

rule, are subsequently held unconstitutional, then the purported grant of rulemaking authority and any rule so proposed and contained in the order of rulemaking shall be invalid and void.

620.1069. 1. The department of economic development is authorized to administer a **[**pilot**]** microenterprise loan program. For purposes of sections 620.1069 to 620.1081, the term "microenterprise" means a small business, with no more than ten employees, in which the owner, or members of the owner's immediate family, provide the majority of management and a significant amount of labor required to operate the business. For purposes of sections 620.1069 to 620.1081, the term "immediate family" means the spouse of an owner, the owner's children, including the owner's adult children, who reside in the owner's home. The loan program shall be designed to provide financing for the expansion, modernization or improvement of existing microenterprises or for the commencement of new microenterprises.

2. The director of the department of economic development shall appoint an oversight committee of nine members which may include, but is not limited to, representatives of state government, banks, business assistance providers, entrepreneurs, or not for profit organizations, to assist in administering the provisions of sections 620.1069 to 620.1081. The director of the department of economic development, or the director's designee, shall serve as chairman of the oversight committee. The committee shall be appointed to serve at the pleasure of the director and shall receive no compensation, but shall be reimbursed for expenses incurred in the performance of any duties required as members of the oversight committee. The committee, after review of applications, shall designate **[**four pilot**]** microenterprise loan programs in the state and the geographical boundaries in which each will operate. **[**At least one of which shall operate an institution-based loan program.**]**

620.1072. **1.** The "Microenterprise **Revolving** Loan Fund" is hereby created in the state treasury. The fund shall consist of all moneys appropriated to it by the general assembly **[**and**],** all gifts, grants and bequests from federal, private or any other source**, and all repayment of moneys from eligible lenders,** for the purpose of assisting new or expanding microenterprises. Notwithstanding the provisions of section 33.080, RSMo, no portion of the fund shall be transferred to the general revenue fund at the end of any biennium.

2. Diligent efforts to assure that at least thirty percent of the moneys in the fund shall be available to, and reserved for, female-owned microenterprises.

620.1075. The department of economic development **[**shall**], with the advice of the oversight committee established pursuant to section 620.1069, may** adopt and promulgate rules and regulations for determining eligible lenders and eligible borrowers pursuant to sections 620.1069 to 620.1081. **No rule or portion of a rule promulgated under the authority of sections 620.1069 to 620.1081 shall become effective unless it has been promulgated pursuant to the provisions of chapter 536, RSMo. All rulemaking authority delegated prior to June 27, 1997, is of no force and effect and repealed; however, nothing in this section shall be interpreted to repeal or affect the validity of any rule filed or adopted prior to June 27, 1997, if such rule complied with the provisions of chapter 536, RSMo. The provisions of this section and chapter 536, RSMo, are nonseverable and if any of the powers vested with the general assembly pursuant to chapter 536, RSMo, including the ability to review, to delay the effective date, or to disapprove and annul a rule or portion of a rule, are subsequently held unconstitutional, then the purported grant of rulemaking authority and any rule so proposed and contained in the order of rulemaking shall be invalid and void.** The standards shall include, but are not limited to, the following:

(1) All eligible lenders shall be approved by the oversight committee, and each eligible lender shall maintain all records of all loans made pursuant to sections 620.1069 to 620.1081. Eligible lenders shall be community development corporations, community colleges or other community-based organizations which have experience in the area of business assistance;

(2) The total amount of any loan made to any one eligible borrower shall not exceed fifteen thousand dollars;

(3) Prior to receiving either an institution-based loan or a group-based loan from an eligible lender, each eligible borrower must confer with a qualified business assistance provider for advice on management techniques and other

professional advice which the department of economic development may require to help ensure the likelihood of success for the microenterprise. A qualified business assistance provider may include the department of economic development, a small business assistance center, or any other similar organization approved by the department.

620.1078. The department of economic development shall distribute moneys**, in the form of loans or grants** to eligible lenders from the microenterprise **revolving** loan fund within the limits of appropriations made by the general assembly. The eligible lenders shall charge the market rate of interest for loans made pursuant to sections 620.1069 to 620.1081. No loan shall be made pursuant to sections 620.1069 to 620.1081 for the refinancing of existing debt. Loans may only be made by eligible lenders in **[**one of the following two**] any of the following** categories:

(1) Group-based loans shall be available to microenterprises in need of loans between five hundred dollars and seven thousand five hundred dollars**[**, as follows:

(a)**].** A group-based loan program shall be approved by the eligible lending institution. A group shall consist of between five and seven eligible members who shall meet **[**biweekly**]** to make credit decisions, help one another in the solution of business problems, and receive loan repayments. The initial loan made by the group to the first eligible borrower shall not exceed two thousand five hundred dollars**[**;

(b) Persons interested in participating in the group-based loan program shall petition the eligible lender for its approval to be placed within a group. Any loan which is approved must begin to be repaid within two weeks and continue to be repaid biweekly. After four biweekly payments, the group may select one or two other members to receive initial loans which may be in excess of two thousand five hundred dollars. The process for granting group-based loans pursuant to this subdivision shall continue until each member of the group has been considered for an initial loan. All repayments of such loans shall be placed into a revolving loan fund established by the eligible lender**]**. All such loans shall be subject to examination by the state auditor;

(2) Institution-based loans shall be available to microenterprises directly from eligible lenders in amounts of between seven thousand five hundred dollars and fifteen thousand dollars. Such loans shall be made by eligible lenders who possess significant experience in providing business assistance. Repayment of such loans shall be placed in a revolving loan fund established by the eligible lender as provided in subdivision (1) of this section for group-based loans. Institution-based loan applications shall be reviewed by a credit committee which shall judge the merits of the proposed loan according to the local economy, the borrower's character, and the credit risk of the proposed loan. Institution-based loans shall be subject to examination by the state auditor the same as group-based loans**[**.**];**

(3) Challenge loans and grants shall be made available to eligible lenders. Such loans and grants shall be made to groups which demonstrate new or innovative approaches to microenterprise development, as determined by the oversight committee established pursuant to section 620.1069. All such loans and grants shall satisfy the requirements of section 620.1075. Loans shall be made available from a group to microenterprises in amounts of between five hundred dollars and seven thousand five hundred dollars. Repayment of such loans shall be placed in a revolving fund established by the lender similar to that as provided for in subdivision (1) of this section.

620.1350. 1. The words used in this section shall, unless the context otherwise requires, have the meaning provided in subdivision (4) of subsection 2 of section 143.451, RSMo, and in addition, the following words shall have the following meanings:

(1) "Department", the department of economic development;

(2) "Director", the director of the department of economic development.

2. An investment funds service corporation or S corporation, certified pursuant to this section, may make an annual election to compute the portion of income derived from sources within this state either pursuant to

section 143.451, RSMo, or pursuant to section 32.200, RSMo, relating to the multistate tax compact. The annual election shall be made by the filing of a corporate income tax return reflecting the use of such election and by filing a copy of the certificate issued by the director pursuant to the provisions of this section. The annual election may be made regardless of whether the corporation filed its income tax return on a single entity basis or was included in a consolidated income tax return in any year.

3. The director shall certify an investment funds service corporation or S corporation to make the annual election and shall determine whether applicants for certification qualify pursuant to the definitions found in subdivision (4) of subsection 2 of section 143.451, RSMo. In making his or her determination for certification, the director shall further take into consideration factors including, but not limited to: current and past industry employment growth and employment retention in the state; salary levels of new or existing industry employment in the state; the income tax laws applied to investment funds service corporations in other states; industry growth nationally and within the state; the prevailing conditions in the economy and financial markets; the competitive environment within the industry; the applicant's past certification and use of this section; and an applicant's size, structure and method of operation. After determining an applicant is qualified to make the election, the director shall issue a certificate of qualification, a copy of which the applicant shall annually file with the applicant's income tax return. Once certified by the director, an investment funds service corporation shall remain certified for the annual election pursuant to this section until it no longer qualifies pursuant to the definitions of subdivision (4) of subsection 2 of section 143.451, RSMo. The director may, at any time, require reasonable information to be submitted by an investment funds service corporation to establish its qualification for certification. If the director determines an application does not qualify for the annual election, the director shall notify the applicant of the reason for this determination in writing and the applicant shall have the same rights of reconsideration and appeal afforded to taxpayers denied tax credits pursuant to section 135.250, RSMo. The director shall prescribe the method for making application for certification, and may issue such rules and regulations as are necessary to administer this section. No rule or portion of a rule promulgated under the authority of this section shall become effective unless it has been promulgated pursuant to the provisions of chapter 536, RSMo. All rulemaking authority delegated prior to June 27, 1997, is of no force and effect and repealed; however, nothing in this section shall be interpreted to repeal or affect the validity of any rule filed or adopted prior to June 27, 1997, if such rule complied with the provisions of chapter 536, RSMo. The provisions of this section and chapter 536, RSMo, are nonseverable and if any of the powers vested with the general assembly pursuant to chapter 536, RSMo, including the ability to review, to delay the effective date, or to disapprove and annul a rule or portion of a rule, are subsequently held unconstitutional, then the purported grant of rulemaking authority and any rule so proposed and contained in the order of rulemaking shall be invalid and void.

Section 1. In addition to the number of enterprise zones authorized pursuant to the provisions of sections 135.206, 135.208, 135.210 and 135.256, RSMo, the department of economic development shall designate one such zone in any city not within a county if such area which is to be included in the enterprise zone meets all the requirements of section 135.205, RSMo.

Section 2. 1. There is hereby established as a pilot project the "International Economic Development Exchange Program". The department of economic development, with the advice of the advisory committee established in subsection 2 of this section, shall administer the program, except that the department shall administer the program without additional staff or salary for such program. The program shall be established to encourage international exchanges at industrial and commercial business enterprises for students enrolled in institutions of higher education. Full-time students who attend institutions of higher education in this state shall be eligible for financial assistance to attend the student internship exchange portion of the program in eligible countries other than the United States. Priority shall be given to business internship exchange programs of public and private institutions of higher education in this state, where such programs have been in existence for at least ten successive years prior to the effective date of this section. The program shall include an inventory of the number of students involved in such programs, which shall be maintained by the advisory committee. The program shall also include the development of methods for fostering international trade through exchange programs and through business and entrepreneurial training programs. The program may include the provision of scholarships and other financial assistance in cooperation with the federal government, public and private institutions of higher education, and businesses,

to enable students and business people from eligible countries to study and attend training programs in the United States.

2. There is hereby created an "International Economic Development Exchange Program Advisory Committee", which shall consist of five members, to be appointed by the director of the department of economic development. The committee shall include two persons associated with institutions of higher education in this state and one resident business person who deals with international business. Of the five members, all shall be residents of the state, at least one member shall be a resident of one of the two largest metropolitan areas of this state, and at least one member shall not be a resident of one of the two largest metropolitan areas of this state. The members shall serve three-year terms. The committee shall meet only in Jefferson City. The committee shall review the administration of the international economic development exchange program by the department of economic development. The director of the department of economic development shall make an annual report of the program's activities to the governor, the speaker of the house of representatives and the president pro tem of the senate. Members of the committee shall serve without compensation but may be reimbursed for ordinary and necessary expenses incurred in the performance of their official duties.

3. The program may receive grants, loans and other funding from the federal government and from private sources. In addition, the general assembly may appropriate up to one hundred thousand dollars in each fiscal year for the program; however, such appropriation shall not exceed an amount equal to the amounts contributed to the program from nongovernmental sources.

Section 3. 1. The department of economic development shall identify active community development corporations operating within the state and assist them in the formation of a Missouri community development corporation association. With the assistance of the department, the association shall serve as a clearinghouse for information for community development corporations. The association shall help staff members of community development corporations develop administrative skills in such areas as entrepreneurial development, grant writing, real estate analysis, financial deals structuring, negotiations, human resource development, strategic planning and community needs assessment. The association shall sponsor conferences which allow community development corporations to learn about community development activities statewide and at the federal level.

2. The Missouri community development corporation association shall be funded by dues assessed against participating community development corporations. The association shall adopt, alter or repeal its own bylaws, rules and regulations governing the manner in which its business may be transacted; elect officers; make expenditures which are incidental and necessary to carry out its purposes and powers; and do all things necessary to ensure full participation by Missouri community development corporations in any federal program relating to community development needs.

Section 4. 1. The department of economic development shall establish a public-private partnership to be known as the "Missouri Community Development Corporation Initiative". The initiative shall be supported by appropriations made to the department for that purpose and from federal funds and private corporations. All moneys for the operation of the initiative shall be deposited into the community development fund as established by section 135.401, RSMo.

2. The initiative shall support the organizational development of community development corporations. Its purpose is to help these corporations initiate and develop strategies which generate beneficial self-sustaining economic and human development activities in minority and underdeveloped communities. It shall use public and private dollars to identify community development corporations appropriate for assistance, to administer a grants process, to offer bridge financing, and to lend technical assistance in numerous areas including the construction of affordable housing and the development of commercial real estate. Funding from the initiative to community development corporations may be in the following forms:

(1) Operational grants;

(2) Special opportunity grants;

(3) Gap financing for single and multifamily housing, office space, industrial space, plants and equipment, child care facilities, and small business incubators or entrepreneurial development;

(4) Bridge loans for emergency needs;

(5) Initial programs for emerging community development corporations to complete their first projects;

(6) Certificate of deposit loan leveraging programs to leverage loans made to community development corporations by financial institutions for land acquisition and construction; and

(7) Other financing programs which the initiative deems to be appropriate.

Section 5. 1. There is hereby created an authority to be known as the "Greater St. Louis Sports Authority", which shall consist of eight commissioners who shall be qualified voters of the state of Missouri, one of whom shall be the director of the department of economic development or his or her designee. The mayor of any city not within a county shall submit a panel of five names of residents of that city to the governor, who shall then select two names from such panel. The county executive of any county of the first classification with a population of nine hundred thousand or more shall submit a panel of five names of residents of that county to the governor, who shall then select two names from such panel. The county executive of any county of the first classification with a population of at least two hundred ten thousand but not more than three hundred thousand, the presiding commissioner of any county of the first classification with a population of at least eighty thousand but not more than eighty-three thousand, and the presiding commissioner of any county of the first classification with a population of at least one hundred seventy thousand but not more than two hundred thousand shall each submit a list of two names of residents from his or her county to the governor, who shall then select one name each from those counties. Of the persons selected by the governor, no more than four shall be from any one political party. The director of the department of economic development or his or her designee and the persons named by the governor shall constitute the commissioners of the authority. Other than the director of the department of economic development or his or her designee, no elective or appointed official of the state of Missouri or any political subdivision shall be a commissioner of the authority. Panel submissions shall be made as soon as practicable after the effective date of sections 5 to 7 of this act. The governor shall select the commissioners of the authority within thirty days after all panel submissions have been made.

2. The governor shall select from the eight commissioners of the authority a chairperson. No action shall be binding unless taken at a meeting at which at least five commissioners are present and unless a majority of the commissioners of the authority shall vote in favor thereof.

3. Except for the director of the department of economic development or his or her designee, the commissioners shall hold office for terms of five years, or for the unexpired terms of their predecessors. Each commissioner shall hold office until his or her successor has been appointed and qualified.

4. In the event a vacancy exists, the governor shall appoint a replacement from the same area as specified in subsection 1 of this section in which the commissioner who created the vacancy resided. All vacancies shall be filled within thirty days from the date thereof.

5. No compensation shall be payable to the commissioners by the authority.

Section 6. The duties of the authority created in section 5 of this act shall include, but are not limited to, the study and review of all current major sports leagues, clubs or franchises operating in any city not within a county and the analysis of possibilities for future growth and expansion of existing and new major sports leagues, clubs or franchises in that city and surrounding areas. Unless and until otherwise provided, the

authority shall make an annual report, due by December first of every year, to the governor, the president pro tem of the senate, the speaker of the house of representatives and the director of the department of economic development, setting forth in detail the authority's findings and recommendations.

Section 7. No use of public revenue is authorized by sections 5 to 7 of this act.

Section 8. Sections 8 to 11 of this act shall be known as the "Workfare Renovation Project". Subject to participation by qualifying cities, the Missouri housing development commission shall establish a two-year pilot project in each of the two cities defined in section 9 of this act which shall provide for the renovation of property in the urban core of the city for subsequent purchase pursuant to the provisions of sections 8 to 11 of this act.

Section 9. As used in sections 8 to 11 of this act, the following terms mean:

(1) "Agency", the participating city's administering agency of the workfare renovation project;

(2) "City", any city not within a county or any city with at least three hundred fifty thousand inhabitants which is located in more than one county;

(3) "Commission", the state housing development commission authorized pursuant to sections 215.010 to 215.250, RSMo;

(4) "Federal poverty level", the first poverty income guidelines published in the calendar year by the United States Department of Health and Human Services;

(5) "Low income", a household income which does not exceed two hundred percent of the federal poverty level;

(6) "Project", the renovation of one or more properties on the urban core of the city which have been determined to be of substandard quality or condition and the subsequent sale of such property following renovation;

(7) "Renovate" or "renovation", the reconstruction, remodeling, repairing, weatherizing, installation of energy conservation measures or devices, and similar work necessary to make urban core city property safe, sanitary and decent, and make such property meet the minimum building code requirements and occupancy requirements of a city, as the term city is defined in this section.

Section 10. 1. The workfare renovation project shall have the following goals:

(1) To assist low-income individuals in learning a trade by providing them with an opportunity to participate in the renovation of urban core property; and

(2) To create tax producing property for the participating cities out of existing urban core city property.

2. The governing body of any city defined in section 15 of this act, by enacting the appropriate ordinances, may participate in the workfare renovation project by donating existing inner city property to the project, submitting a plan for renovation in the city to the commission and establishing an agency to administer the project in such city pursuant to any authority delegated to such agency by the commission.

3. The commission may:

(1) Receive, hold and convey title to real estate on the workfare renovation project carried out by the participating city and receive and use for the purposes described in sections 8 to 11 of this act any grants or loans made by the commission pursuant to section 215.035 or section 215.050, RSMo;

(2) Approve all proposed inner city property for renovation;

(3) Approve the workers who will perform the renovation and reconstruction work. The workers, to be selected from the local labor force, shall be capable of performing the work for which they will be hired, and shall be, as far as practicable, persons who are classified as low income or receiving public assistance and who are indigenous to the areas which are selected for renovation activity;

(4) Contract and be contracted with;

(5) Seek such legal and other professional and staff assistance deemed necessary to carry out the purposes of sections 8 to 11 of this act;

(6) Sell the properties renovated, but such sales shall be subject to the following requirements:

(a) All properties sold shall be sold at a sales price not to exceed the cost to persons who qualify for low-income housing ownership benefits pursuant to federal or state law, or both, as determined annually by the Missouri housing development commission;

(b) Each property shall be sold only to a person who will be the actual owner of record of the property and will actually occupy the property for a period of not less than five years; and

(c) Each property shall be sold at a price which will allow the commission to recover all costs incurred by it in renovating and selling such property, including, but not limited to, the labor, materials and other renovation expenses;

(7) Do all other things necessary to implement and administer the residential renovation program authorized by sections 8 to 11 of this act;

(8) Utilize all appropriate tax credit and wage diversion programs offered through state departments to assist low-income residents of this state in becoming self-sufficient through the workfare renovation project.

4. No rule or portion of a rule promulgated under the authority of sections 8 to 11 shall become effective unless it has been promulgated pursuant to the provisions of chapter 536, RSMo. The provisions of this section and chapter 536, RSMo, are nonseverable and if any of the powers vested with the general assembly pursuant to chapter 536, RSMo, including the ability to review, to delay the effective date, or to disapprove and annul a rule or portion of a rule, are subsequently held unconstitutional, then the purported grant of rulemaking authority and any rule so proposed and contained in the order of rulemaking shall be invalid and void.

Section 11. Properties selected for renovation pursuant to the provisions of sections 8 to 11 of this act shall be located in those areas of the urban core of the city which are in the greatest need of neighborhood rehabilitation. Each administering agency shall make a plan or plans to carry out the purposes of this section and such plans shall be available to the public. In making the plan or plans required by this section, each agency shall hold public hearings at reasonable times and places from which to obtain community input in order to assess the impact of any proposed plan on any neighborhood involved and to assist them in determining which neighborhood or neighborhoods shall be given the highest priority. The factors which the agency may consider, among all other relevant considerations, are:

(1) The number of properties owned by the city in a neighborhood which could be renovated; and

(2) The prior commitment of private developers to the area selected or adjacent areas for purposes of assuring that purchasers of such property can obtain financing and insurance.

Section 12. 1. There is hereby created within the department of economic development the "Task Force on Trade and Investment". The primary duty of the task force is to establish international trade and investment opportunities for Missouri businesses, with a special emphasis on establishing trade and investment opportunities with African countries having a democratic form of government. As part of its duties, the task force shall develop a comprehensive plan of action with strategies for increasing the availability of import and export opportunities for Missouri businesses.

2. The task force created in this section shall be comprised of fifteen members, appointed in the following manner:

(1) Four members of the Missouri house of representatives, two from each political party, shall be appointed by the speaker of the house of representatives;

(2) Four members of the Missouri senate, two from each political party, shall be appointed by the president pro tem of the senate; and

(3) Seven members shall be appointed by the governor, selected from a panel of names submitted by the director of the department of economic development, which panel shall include the names of individuals representing business, labor, education, agriculture, economics, law and government.

3. The task force shall meet at least quarterly, and shall submit its recommendations and plan of action for establishing opportunities for trade and investment to the governor, to the general assembly and to the director of the department of economic development each year by July first, beginning in 1998.

4. Members of the task force shall receive no additional compensation but shall be eligible for reimbursement for expenses directly related to the performance of task force duties.

5. The provisions of this section shall expire December 31, 2001.

Section 13. There is hereby created in any city with a population of more than three hundred thousand inhabitants which is located in more than one county a special authority to be known as the "Kansas City Regional Sports Complex Authority". Such authority shall be a distinct and separate entity from any county sports complex authority authorized by section 64.930, RSMo. For purposes of sections 13 to 15 of this act, the term "authority" means the Kansas City Regional Sports Complex Authority.

Section 14. 1. The authority created in section 13 of this act shall consist of eight commissioners who shall be qualified voters of the state of Missouri, one of whom shall be the director of the department of economic development. The remaining seven members shall be appointed by the governor with the advice and consent of the senate as follows:

(1) The mayor of a city having a population of at least four hundred thirty thousand inhabitants located in more than one county shall submit two panels of three names of residents of such city to the governor who shall select one person from each such panel;

(2) The governing body of a county of the first classification with a charter form of government containing the major part of a city having a population of at least four hundred thirty thousand inhabitants shall submit two panels of three names of residents of such county to the governor who shall select one person from each such panel; and

(3) The governing bodies of all other counties containing a part of a city with a population of at least four hundred thirty thousand inhabitants shall each submit a panel of three names of residents of each such county to the governor who shall select one person from each such panel. No more than four of the members selected by the governor shall be from the same political party.

2. Except for the director of the department of economic development, the commissioners shall be appointed to serve for terms of six years, except those first appointed. One shall be appointed for a two-year term, one for a three-year term, one for a four-year term, two for a five-year term and two for a six-year term. The commissioners shall annually select a chairman from among their members.

3. Each commissioner shall hold office until his or her successor has been appointed and qualified. If a vacancy occurs, it shall be filled in the same manner as the first appointment. All vacancies shall be filled within thirty days from the date of such vacancy. The commissioners shall serve without compensation.

Section 15. The duties of the authority created in section 13 of this act shall include, but are not limited to, the study and review of all current major sports leagues, clubs or franchises operating in Kansas City and the analysis of possibilities for future growth and expansion of existing and new major sports leagues, clubs or franchises in that and surrounding areas. Unless and until otherwise provided, the authority shall make an annual report by December first of every year, to the governor, the president pro tem of the senate and the speaker of the house of representatives, and the director of the department of economic development. Such report shall set forth in detail the authority's findings and recommendations.

Section 16. When the department of economic development contracts or reimburses entities for services related in any way to job training and development programs directly provided to individuals, the department shall reimburse the contractor as provided in the contract.

Section 17. 1. The task force on trade and investment within the department of economic development and the state highways and transportation commission, or its designee within the department of transportation, shall identify those airports that are crucial to the overall economic development of the state, and assist those airports to better promote travel, education, trade and commerce as it relates to the economic development of the state. Such airports shall include but not be limited to any privately owned airports designated as reliever airports by the Federal Aviation Administration, any airports owned by an instrumentality of the state, including any state agency which owns or operates an airport as of January 1, 1997, or any state educational institution as defined in section 176.010, RSMo.

2. Those airports identified pursuant to subsection 1 of this section shall be eligible to apply for grants from the aviation trust fund, pursuant to the conditions established in section 305.230, RSMo.

Section B. The repeal and reenactment of section 143.451, RSMo, and section 620.1350, RSMo, shall become effective January 1, 1998, and shall apply to all taxable years beginning on or after January 1, 1998.