



MISSOURI SENATE

DIVISION OF RESEARCH

State Capitol, Room B-9, Jefferson City, MO 65101

TEL. (573) 751-4666 FAX (573) 751-4778

H:\09BILL\0837S01M.08F

TO: Senator Lager

FROM: Jason Zamkus, Staff Attorney

DATE: April 1, 2009

RE: SS/SCS/HCS/HB 191 - Economic Development Bill

Per your request, please find attached yellow-backed copies of a senate substitute for senate committee substitute for house committee substitute for house bill 191 - relating to taxation.

This version is identical to the .12F version of the senate substitute for senate committee substitute for senate bills 45 et al. offered by Senator Lager except that this version:

1. Adds a statement following each new provision limiting authorizations of tax credits after a date certain stating that such limitation will not impair departmental issuance, nor taxpayer redemption, of tax credits authorized prior to such date;
2. Places a moratorium upon approval applications for MODESA projects after January 1, 2009. (Section 99.960);
3. In addition to limiting authorizations, limits approval of MDFB infrastructure contribution fund tax credits in FY 2010 and subjects subsequent fiscal year approvals to the appropriations process contained in section 135.821 and adds a statement that such limitations will not impair issuance nor redemption of credits authorized or approved prior to December 31, 2008. (Section 100.286);
4. Decreases the authorization limit for BUILD tax credits in 2010 from twenty million to fifteen million dollars, and limits subsequent fiscal year appropriations for authorizations of such tax credits to no more than fifteen million dollars; (Section 100.850);
5. Strikes provisions from section 135.352 requiring the director of the department of economic development to request a binding letter ruling from the IRS and limiting the amount of low-income housing tax credits which may be available for authorization subsequent to the receipt of such a letter ruling;

6. Limits the amount of four percent low-income housing tax credits available for authorization for FY 2010 and all subsequent fiscal years to no more than six million dollars. (Section 135.352);

7. Removes sections 135.355 and 135.363, which modified provisions regarding the transferability and recapture of low-income housing tax credits, from the bill;

8. Removes section 135.803, which modified provisions of the tax credit accountability act to prohibit layering of tax credits, from the bill;

9. Strikes a provision from section 135.805 allowing use of copies of Federal W-2 forms as proof of job creation and inserts a provision granting rule making authority to administering agencies for purposes of implementing the job creation reporting requirements contained in the section;

10. Adds sections 105.145, 238.207, 238.212, and 238.235 modifying provisions of law regarding transportation development districts;

11. Prohibits the award of dry fire hydrant tax credits after August 28, 2009. (Section 320.093);

12. Decreases the amount of brownfield redevelopment tax credits available for authorization in FY 2010 from twenty-five million to twenty million dollars and limits subsequent fiscal year authorizations to no more than twenty million dollars in tax credits. (Section 447.708);

13. Adds expenses incurred in the research and development of electronic patient health record technology to the definition of qualified research expenses contained in section 620.1041;

14. Allows the department to issue tax credits for qualified research expenses incurred in all taxable years ending after January 1, 2009, and allows taxpayer which have already filed a return for such tax year, prior to the existence of the credit, to claim the credit in the following year and have an additional year added to the carry-forward for such tax year's credit. (Section 620.1041);

15. Modifies the quality jobs act definition of the term "project facility" to include separate buildings located within fifteen miles of each other or within the same county. (Section 620.1878);

16. Modifies provisions of the quality jobs act to require that for high impact projects, where facilities are located within two adjacent counties, the new payroll must equal or exceed the higher county wage of the two counties. (Section 620.1881); and

17. Decreases the amount of quality jobs act tax credits

available for authorization in FY 2010 to no more than seventy-five million dollars and limits subsequent fiscal year allocations for authorization to no more than seventy-five million dollars

This act modifies every state tax credit program in existence, except for the senior citizen property tax credit, the homestead preservation tax credit, financial and insurance tax credits, and the community college new job training and retention tax credit, by:

- 1) Imposing a cap on tax credit authorizations for FY 2010;
- 2) Limiting the amount of tax credits available for authorization every fiscal year thereafter based upon an allocation made by enactment of the appropriation bill for public debt; and
- 3) Imposing sunset dates, after which tax credits may no longer be authorized, on all tax credits not currently subject to the sunset act.

Effective thirty days after the effective date of the act, the authorization of development tax credits will be prohibited. (Section 32.105)

No more than sixteen million dollars in neighborhood assistance tax credits may be authorized in fiscal year 2010. After June 30, 2010, no tax credits may be authorized under the Neighborhood Assistance Tax Credit Program, unless a fiscal year allocation has been made. Such allocation cannot exceed sixteen million dollars per fiscal year. The authorization of neighborhood assistance tax credits is prohibited after June 30, 2013. (Sections 32.110 and 32.115)

No more than eleven million dollars in affordable housing tax credits may be authorized in fiscal year 2010. The authorization of affordable housing tax credits is prohibited after June 30, 2010, unless a fiscal year allocation is made. Such allocation cannot exceed eleven million dollars in tax credits per fiscal year. Business firms will be required to file an application for affordable housing tax credits with the Missouri Housing Development Commission. If the amount of eligible applications exceeds the allocation for tax credits, tax credits will be awarded on a first-to-file, first-to-receive basis. The authorization of affordable housing tax credits is prohibited after June 30, 2012. (Sections 32.111, 32.112, and 32.115)

Under current law, any city, town, or village located in St.

Louis County, Jefferson County, or St. Charles County must create a county-wide TIF commission in order to implement a tax increment finance project. This act requires any city, town, or village in the state, which desires to implement a TIF project after August 28, 2009, to create a county-wide tax increment finance commission. (Section 99.820)

Any municipality which fails to provide the statutorily required report to the department of economic development will be prohibited from implementing any new tax increment finance project for a period of no less than five years from the date of failure to comply. The State Auditor is required to make information on municipal tax increment finance projects available to the public in a searchable database on the Auditor's website. (Section 99.865)

The act places a moratorium upon approval applications for MODESA projects after January 1, 2009. (Section 99.960)

The department of economic development is prohibited from issuing more than ten million dollars in land assemblage tax credits in fiscal year 2010. The authorization of distressed areas land assemblage tax credits is prohibited after June 30, 2010 unless a fiscal year allocation is made. Such allocation cannot exceed ten million dollars in tax credits per fiscal year. If the amount of eligible applications exceed the fiscal year allocation for tax credits, the department of economic development may either: award all tax credits allocated to the applicant, if there is only one applicant, or issue the credits to all applicants on a pro rata basis. The authorization of land assemblage tax credits is prohibited after June 30, 2013. (Section 99.1205)

The act requires the circuit court to order a public hearing on the creation and funding of a proposed transportation development district, if the petition to create such district was filed by the owners of all real property within the proposed district. The director of the department of revenue will perform all functions incident to the administration, collection, enforcement, and operation of transportation development district sales taxes. The board of directors of every transportation development district is required to annually submit a report of financial transactions to the state auditor. Failure to timely file such a report by a transportation development district will result in the imposition of a fine not to exceed five hundred dollars. Petitions to create transportation development districts must include details of the budgeted expenditures, including estimated expenditures for real physical improvements,

estimated land acquisition expenses, estimated expenses for professional services, and estimated interest charges. (Sections 105.145, 238.207, 238.212, and 238.235)

Under current law, the Missouri Development Finance Board is prohibited from issuing the greater of ten million dollars or an amount equal to five percent of growth in general revenue receipts for the preceding three years in Missouri Development Finance Board Infrastructure Development Fund Contribution Tax Credits annually unless the Commissioner of Administration, the director of the Department of Economic Development, and the director of the Department of Revenue agree to exceed such limit. This act limits the authorization or approval of infrastructure and development contribution credits in fiscal year 2010 to no more than ten million dollars. The authorization or approval of infrastructure development contribution fund tax credits after June 30, 2010, is prohibited unless an allocation is made. Such allocation cannot exceed ten million dollars per fiscal year. The limitation on authorization and approval of infrastructure development fund contribution tax credits may only be exceeded by a signed and notarized letter evidencing mutual agreement by the Commissioner of Administration, the director of the Department of Economic Development, the director of the Department of Revenue, the Chairman of the House Budget Committee, and the Chairman of the Senate Appropriations Committee, provided that in such case no more than twenty-five million dollars in tax credits may be authorized for such fiscal year. Taxpayers must file an application with the department of economic development for infrastructure development contribution tax credits. If the amount of eligible applications exceeds the allocation for tax credits, tax credits will be awarded on a first-to-file, first-to-receive basis. The authorization or approval of infrastructure development fund contribution tax credits is prohibited after June 30, 2013. (Section 100.286)

For fiscal year 2010, the Missouri Development Finance Board is barred from issuing more than ten million dollars in revenue bonds or notes for which tax credits are available under the bond guarantee program. Beginning July 1, 2010, the issuance of revenue bonds or notes under the Missouri Development finance board bond guarantee program will be prohibited, unless an allocation is made for the fiscal year of issuance. Such allocation cannot exceed ten million dollars in bond or note issuance. Bond guarantee tax credits are prohibited from being authorized after June 30, 2011. (Section 100.287)

The act removes the requirement that applicants for the BUILD program consider locating within another state and state

that a disparity in costs exist between such state and Missouri. No more than fifteen million dollars in BUILD tax credits may be authorized in fiscal year 2010. The authorization of BUILD tax credits is prohibited after June 30, 2010, unless a fiscal year allocation is made. Such allocation cannot exceed fifteen million dollars per fiscal year. The act prohibits the issuance of BUILD tax credits after June 30, 2012. (Section 100.850)

No more than one hundred thousand dollars in tax credits for surviving spouses of public safety officers may be authorized in fiscal year 2010. The authorization of tax credits for surviving spouses of public safety officers is prohibited after June 30, 2010, unless a fiscal year allocation is made. Such allocation cannot exceed one hundred thousand dollars in tax credits per fiscal year. Taxpayers will be required to file an application for tax credits with the department of revenue. If the amount of eligible applications exceeds the allocation for tax credits, tax credits will be awarded on a first-to-file, first-to-receive basis. Tax credits for surviving spouses of public safety officers are prohibited from being authorized after June 30, 2013. (Section 135.090)

The department of economic development is prohibited from authorizing more than four million dollars in wood energy producer tax credits in fiscal year 2010. The authorization of wood energy producer tax credits is prohibited after June 30, 2010, unless a fiscal year allocation is made. Such allocation cannot exceed four million dollars in tax credits per fiscal year. Taxpayers must file an application with the department of economic development for wood energy producer tax credits. If the amount of eligible applications exceeds the allocation for tax credits, tax credits will be awarded on a first-to-file, first-to-receive basis. (Section 135.305)

No more than four million dollars in children in crisis and special needs adoption tax credits may be authorized in fiscal year 2010. Children in crisis and special needs adoption tax credits may not be authorized after June 30, 2010, unless a fiscal year allocation is made. Such allocation cannot exceed four million dollars in tax credits per fiscal year. After June 30, 2010, if less than half of the amount of tax credits allocated have been issued for non-resident adoptions, the remaining amount will be available for resident adoptions. No special needs adoption tax credits or children in crisis tax credits may be authorized after June 30, 2012. (Section 135.327)

For fiscal year 2010, no more than one hundred percent of the amount of tax credits which are made available for projects

within the state under the federal low income housing tax credit program may be made available for authorization under the low income housing tax credit program. The authorization of low income housing tax credits is prohibited after June 30, 2010, unless a fiscal year allocation is made. Such allocation cannot exceed one hundred percent of the amount of tax credits which are made available for projects within the state under the federal low income housing tax credit program. Authorizations of four percent low-income housing tax credits for fiscal year 2010 and all subsequent fiscal years cannot exceed six million dollars. (Section 135.352)

The department of economic development is prohibited from authorizing more than six million dollars in youth opportunities tax credits in fiscal year 2010. No youth opportunities tax credits may be authorized after June 30, 2010, unless a fiscal year allocation is made. Such allocation cannot exceed six million dollars in tax credits per fiscal year. The act prohibits the authorization of youth opportunities tax credits after June 30, 2013. (Sections 32.115 and 135.460)

For fiscal year 2010, no more than sixteen million dollars in neighborhood preservation tax credits may be authorized. No neighborhood preservation tax credits may be authorized after June 30, 2010, unless a fiscal year allocation is made. Such allocation cannot exceed sixteen million dollars. In each year in which an allocation is made, fifty percent of such allocation must be made available for residences located within a distressed community. The act prohibits the authorization of neighborhood preservation tax credits after June 30, 2012. (Section 135.484)

No more than one hundred thousand dollars in tax credits for expenses incurred by small businesses in the provision of disabled access may be authorized in fiscal year 2010. Tax credits for expenses incurred by small businesses in the provision of disabled access may not be authorized after June 30, 2010, unless a fiscal year allocation is made. Such allocation cannot exceed one hundred thousand dollars per fiscal year. Small businesses must file an application with the department of economic development for disabled access tax credits. If the amount of eligible applications exceed the allocation for tax credits, tax credits will be awarded on a first-to-file, first-to-receive basis. The act prohibits the authorization of disabled access tax credits after June 30, 2014. (Section 135.490)

The act prohibits the authorization of rebuilding communities tax credits on or after the thirtieth day following

the effective date of the act. (Section 135.535)

For fiscal year 2010, no more than two million dollars in tax credits for contributions to shelters for victims of domestic violence may be authorized. No tax credits for contributions to shelters for victims of domestic violence may be authorized after June 30, 2010, unless a fiscal year allocation is made. Such allocation cannot exceed two million dollars per fiscal year. The act prohibits the authorization of tax credits for contributions to shelters for victims of domestic violence after June 30, 2014. (Section 135.550)

No more than one hundred thousand dollars in tax credits for expenses incurred in making a principal dwelling accessible to persons with disabilities may be authorized in fiscal year 2010. Tax credits for expenses incurred in making a principal dwelling accessible to persons with disabilities may not be authorized after June 30, 2010, unless a fiscal year allocation is made. Such allocation cannot exceed one hundred thousand dollars. The provisions of this act authorizing a tax credit for expenses incurred in making a principal dwelling accessible to persons with disabilities will automatically expire June 30, 2013. (Section 135.562)

For fiscal year 2010, no more than one million dollars in tax credits for contributions to the Missouri health care access fund may be authorized. Tax credits for contributions to the Missouri health care access fund are prohibited from being authorized after June 30, 2010, unless a fiscal year allocation is made. Such allocation cannot exceed one million dollars per fiscal year. No tax credits for contributions to the Missouri health care access fund may be authorized after June 30, 2012. (Section 135.575)

No more than two million dollars in tax credits for contributions to maternity homes may be authorized in fiscal year 2010. No tax credits for contributions to maternity homes may be authorized after June 30, 2010, unless a fiscal year allocation is made. Such allocation cannot exceed two million dollars per fiscal year. No tax credits for contributions to maternity homes may be authorized after June 30, 2014. (Section 135.600)

For fiscal year 2010, no more than two million dollars in tax credits for contributions to pregnancy resource centers may be authorized. Tax credits for contributions to pregnancy resource centers are prohibited from being authorized after June 30, 2010, unless a fiscal year allocation is made. Such allocation cannot exceed two million dollars in tax credits per

fiscal year. No tax credits for contributions to pregnancy resource centers may be authorized after June 30, 2012. (Section 135.630)

No more than two million dollars in tax credits for contributions to local food pantries may be authorized in fiscal year 2010. No tax credits for contributions to local food pantries may be authorized after June 30, 2010, unless a fiscal year allocation is made. Such allocation cannot exceed two million dollars per fiscal year. No tax credits for contributions to local food pantries may be authorized after June 30, 2011. (Section 135.647)

For fiscal year 2010, no more than three million dollars in qualified beef tax credits may be authorized. Qualified beef tax credits are prohibited from being authorized after June 30, 2010, unless a fiscal year allocation is made. Such allocation cannot exceed three million dollars in tax credits per fiscal year. No qualified beef tax credits may be authorized after June 30, 2014. (Section 135.679)

Under current law, the Department of Economic Development is required to limit the monetary amount of qualified equity investments to a level necessary to limit tax credit utilization to no more than fifteen million dollars annually. This act requires the Department of Economic Development to limit the monetary amount of qualified equity investments to a level necessary to limit tax credit authorization to no more than fifteen million dollars for fiscal year 2010. The department of economic development is prohibited from certifying qualified equity investments under the new markets tax credit program after June 30, 2010, unless a fiscal year allocation is made which is sufficient to provide tax credits for such investments. Such allocation cannot exceed twenty-five million dollars in tax credits per fiscal year. The act prohibits the authorization of new markets tax credits after June 30, 2013. The department is required to deny any application received for certain other economic development incentives which, in addition to the benefits received under the new markets program by the entity, either directly or indirectly, would exceed the projected state benefit. (Section 135.680)

No more than five hundred thousand dollars in wine and grape production tax credits may be authorized in fiscal year 2010. Wine and grape production tax credits are prohibited from being authorized after June 30, 2010, unless a fiscal year allocation is made. Such allocation cannot exceed five hundred thousand dollars per fiscal year. Wine and grape producers must file an

application with the department of economic development for disabled access tax credits. If the amount of eligible applications exceeds the allocation for tax credits, tax credits will be awarded on a first-to-file, first-to-receive basis. No wine and grape production tax credits may be authorized after June 30, 2014. (Section 135.700)

Under current law, taxpayers may receive a tax credit for the installation and operation of a qualified alternative fuel vehicle refueling property. This act prohibits the department of economic development from authorizing more than four million dollars in tax credits for the period including the entire 2009 tax year up to June 30, 2010. Tax credits for the installation and operation of a qualified alternative fuel vehicle refueling property are prohibited from being authorized after June 30, 2010, unless a fiscal year allocation is made. Such allocation cannot exceed one million dollars in tax credits per fiscal year. No tax credits for the installation and operation of a qualified alternative fuel vehicle refueling property may be authorized after June 30, 2014. (Section 135.710)

The department of economic development is prohibited from authorizing more than four million five hundred thousand dollars in film production tax credits in fiscal year 2010. The authorization of film production tax credits is prohibited after June 30, 2010, unless a fiscal year allocation is made. Such allocation cannot exceed four million five hundred thousand dollars in tax credits per fiscal year. Taxpayers must file an application with the department of economic development for film production tax credits. If the amount of eligible applications exceeds the allocation for tax credits, tax credits will be awarded on a first-to-file, first-to-receive basis. No film production tax credits may be authorized after June 30, 2011. (Section 135.750)

The act modifies provisions of the Tax Credit Accountability Act of 2004 to require tax credit recipients to report job creation resulting from tax credit utilization. The act requires the department of economic development to make certain tax credit utilization information available on the department's website and the Missouri Accountability Portal. (Sections 135.800, 135.802, and 135.805.)

The act creates a procedure for the allocation of tax credit authorizations after June 30, 2010. Unless specifically allocated, no tax credits may be authorized after June 30, 2010. No later than October 1, 2010, the administering agency of each tax credit program, now or hereafter authorized by state law,

must provide the House Budget Committee and the Senate Appropriations Committee with a request for tax credit allocation. Where Missouri law allows the issuance of tax credits to a recipient over the course of several years, such tax credit authorization must be allocated in the aggregate, and subsequent issuance of such tax credits will not be used in calculating any statutory limitation on the fiscal year authorization allocation of tax credits. Fiscal year allocations of tax credits must be made in the annual appropriations bill for public debt and specifically provide: the name of the tax credit program; the maximum amount which may be authorized by law; the actual amount allocated for authorization; the administering agency for the program; and whether the amount is authorized for streaming tax credit issuance and the amount of streamed credits. Allocations for tax credits which remain unauthorized at the end of the fiscal year will expire on the last day of such fiscal year. (Section 135.821)

The department of economic development is prohibited from authorizing more than twenty-four million dollars in enhanced enterprise zone tax credits in fiscal year 2010. Enhanced enterprise zone tax credits are prohibited from being issued after June 30, 2010, unless a fiscal year allocation is made. Such allocation cannot exceed twenty-four million dollars per fiscal year. No enhanced enterprise zone tax credits may be authorized after June 30, 2015. (Section 135.967)

Tax credits may not be authorized for contributions to the family development account on or after the thirtieth day following the effective date of the act. (Section 208.770)

No more than seventy-five million dollars in historic preservation tax credits may be authorized in fiscal year 2010. The act prohibits the authorization of historic preservation tax credits after June 30, 2010, unless a fiscal year allocation is made. Such allocation cannot exceed seventy-five million dollars per fiscal year. Applications denied due to the limitations provided under this act will receive priority under the next fiscal year's allocation. No more than twenty-five thousand dollars in historic preservation tax credits may be awarded per project for residential rehabilitation projects. No historic preservation tax credits may be authorized after June 30, 2011. Applicants which have incurred certain levels of expenses or received certification from the state historical preservation officer on or before the thirtieth day following the effective date of the act will not be precluded from receiving tax credit authorization. (Section 253.550)

Under current law, the award of dry fire hydrant tax credits is prohibited after August 28, 2010. This act moves the prohibition on dry fire hydrant tax credits awards up one year to August 28, 2009. (Section 320.093)

Subject to allocation, the Department of Economic Development will be allowed to authorize tax credits tax credits per year to encourage equity investment in technology-based early stage Missouri companies, commonly referred to as angel investments. Investors who contribute the first five hundred thousand dollars in equity investment to a qualified Missouri business may be issued a tax credit equal to thirty percent of the investment or forty percent of the investment if the qualified business is located in a rural area or distressed community. An investor can receive a credit of up to fifty thousand dollars for an investment in a single qualified business and up to one hundred thousand dollars for investments in more than one qualified business per year. Tax credits for equity investment in technology-based early stage Missouri companies may be carried forward for up to three years or transferred. The department of economic development is prohibited from authorizing more than five million dollars in angel tax credits in fiscal year 2010. No angel tax credits may be authorized after June 30, 2010, unless a fiscal year allocation is made. Such allocation cannot exceed five million dollars in tax credits per fiscal year. No angel tax credits may be authorized after June 30, 2015. (Sections 348.273 and 348.274)

No more than six million dollars in new generation cooperative tax credits tax credits may be authorized in fiscal year 2010. The act prohibits the authorization of new generation cooperative tax credits after June 30, 2010, unless a fiscal year allocation is made. Such allocation cannot exceed six million dollars per fiscal year. As of the first day of May each fiscal year, to the extent tax credits allocated for such fiscal year remain unauthorized as new generation cooperative tax credits, the remaining may be issued as agricultural product tax credits. No new generation cooperative or agricultural product tax credits may be authorized after June 30, 2015. (Sections 348.430, 348.432, and 348.434)

For fiscal year 2010, no more than three hundred thousand dollars in family farm breeding livestock tax credits may be authorized. No family farm breeding livestock tax credits may be authorized after June 30, 2010, unless a fiscal year allocation is made. Such allocation cannot exceed three hundred thousand dollars in tax credits per fiscal year. No family farm breeding livestock tax credits may be authorized after June 30, 2011.

(Section 348.505)

No more than twenty million dollars in brownfield redevelopment tax credits may be authorized in fiscal year 2010. Brownfield Redevelopment Tax Credits are prohibited from being authorized after June 30, 2010, unless a fiscal year allocation is made. Such allocation cannot exceed twenty million dollars in tax credits per fiscal year. Brownfield redevelopment credits will no longer be available for demolition costs, new investment, or new or retained jobs. No brownfield redevelopment tax credits may be authorized after June 30, 2013. (Section 447.708)

Records pertaining to a business project with which the Department of Economic Development, the Economic Development Export Finance Board, or a regional planning commission may be deemed closed records. (Sections 620.014)

The act creates an income tax credit for contributions to the Missouri job development fund equal to fifty percent of the contribution made. The tax credit is non-transferrable and non-refundable, but may be carried forward three years. The credit is limited to two thousand five hundred dollars per taxpayer. No more than one hundred thousand dollars in tax credits for contributions to the Missouri job development fund may be authorized in fiscal year 2010. No tax credits for contributions to the Missouri job development fund may be authorized after June 30, 2010, unless a fiscal year allocation is made. Such allocation cannot exceed one hundred thousand dollars in tax credits per fiscal year. No tax credits for contributions to the Missouri job development fund may be authorized after June 30, 2011. (Sections 620.470 and 620.478)

The Department of Economic Development is allowed to include pre-employment training in its new or expanding industry training. The act specifies what services may be provided including development of training plans, the provision of training through qualified training staff, fees for training professionals, and transportation expenses if the training can be more effectively provided outside the community where the jobs will be located. Any assistance provided which does not result in an increase in employment within one year from the date the department provides such assistance will be subject to a claw-back provision. (Section 620.472)

For fiscal year 2010, no more than one million dollars in small business incubator tax credits may be authorized. No small business incubator tax credits may be authorized after June 30, 2010, unless a fiscal year allocation is made. Such allocation

cannot exceed one million dollars in tax credits per fiscal year. No small business incubator tax credits may be authorized after June 30, 2015. (Section 620.495)

The act modifies provisions of law which authorize a tax credit for qualified research expenses. The tax credit will be equal to ten percent of qualified research expenses incurred during the taxable year unless such expenses were incurred in a distressed community, in which case the credit will be equal to twenty-five percent of such expenses. Eligibility for receipt of the tax credit is limited to taxpayers with less than two hundred twenty-five employees, seventy-five percent of which must be employed within the state. Such taxpayers must be engaged, on a for-profit basis, in the development of medical instruments and devices, medical diagnostics and therapeutics, plant science products, or pharmaceutical or veterinary products with agricultural applications in order to receive the credit. Under current law, no qualified research expense tax credits may be approved, awarded or issued after January 1, 2005. This act removes the prohibition on approval and issuance of tax credits and provides that for fiscal year 2010, no more than three million dollars tax credits for qualified research expenses may be authorized. No tax credits for qualified research expenses may be authorized after June 30, 2010, unless a fiscal year allocation is made. Such allocation cannot exceed three million dollars in tax credits per fiscal year and no less than two-thirds of such allocation must be made available for qualified research expenses incurred in a distressed area. No more than five hundred thousand dollars may be issued annually per taxpayer unless such taxpayer incurred the qualified research expenses in a distressed community in which case such taxpayer may not receive more than one million dollars in tax credits annually. No taxpayer may simultaneously receive tax credits under this tax credit program and the newly created tax credit in section 620.1041 of this act. No tax credits for qualified research expenses may be authorized after June 30, 2015. (Section 620.1039)

The act creates a new tax credit for qualified research expenses. The amount of the tax credit will be based upon the increase in a taxpayer's qualified research expenses over an average of the three preceding year's expenses. A taxpayer can receive a tax credit equal to: three percent of the amount of increased expenses which do not exceed two million five hundred thousand dollars; five percent of the amount of increased expenses which exceed two million five hundred thousand but do not exceed five million dollars; and seven and one half percent of the amount of increased expenses which exceed five million

dollars. No more than seven million dollars in tax credits for qualified research expenses may be authorized in fiscal year 2010. No tax credits for qualified research expenses may be authorized after June 30, 2010, unless a fiscal year allocation is made. Such allocation cannot exceed seven million dollars in tax credits per fiscal year. Qualified research expenses will be limited to those incurred in the research and development of agricultural biotechnology, plant genomics products, diagnostic and therapeutic medical devices, prescription pharmaceuticals consumed by humans or animals, and electronic patient health records. Expenses incurred in the research, development, or manufacturing of power system technology for aerospace, space, defense, alternative energy, alternative energy vehicles, or implantable or wearable medical devices are also permitted. The department director may allow a taxpayer to transfer up to forty percent of the tax credits issued, but not yet claimed, between January 1, 2010, and December 31, 2016. The Director of the Department of Economic Development must act between August 1 and August 15th on tax credit applications filed between January 1 and July 1st for claims from the previous year. A formula is provided by which tax credits will be issued if the eligible claims for the credits exceed the fiscal year allocation. No one taxpayer can be issued more than thirty percent of the total amount of tax credits authorized in any calendar year. Taxpayers are prohibited from simultaneously receiving benefits under this program and the other qualified research tax credit program contained in the act.
(Section 620.1041)

The act specifies that if the department fails to respond within thirty days of a Quality Jobs Program applicant's notice of intent, the notice is deemed a disapproval. Currently, the notice is deemed an approval if the department fails to respond within thirty days. The act specifies how the department must apply certain definitions when a business that has already received an approved notice of intent later files another notice of intent and eliminates the per-company annual cap on technology business projects. The act modifies the quality jobs act definition of the term "project facility" to include separate buildings located within fifteen miles of each other or within the same county and requires that for high impact projects, where such facilities are located within two adjacent counties, the new payroll must equal or exceed the higher county wage of the two counties. The per project caps for technology business projects and high impact projects are removed. No more than seventy-five million dollars in quality jobs tax credits may be authorized in fiscal year 2010. No quality jobs tax credits may be authorized after June 30, 2010, unless a fiscal year allocation is made.

Such allocation cannot exceed seventy-five million dollars in tax credits per fiscal year. No quality jobs tax credits may be authorized after June 30, 2015. (Section 620.1881)

No more than two hundred thousand dollars in tax credits to defray the cost of caring for an elderly person, commonly known as shared care credits may be authorized in fiscal year 2010. Shared care credits, may not be authorized after June 30, 2010, unless a fiscal year allocation is made. Such allocation cannot exceed two hundred thousand dollars in tax credits per fiscal year. Registered care givers must file an application with the division of aging for shared care tax credits. If the amount of eligible applications exceeds the allocation for tax credits, tax credits will be awarded on a first-to-file, first-to-receive basis. No shared care tax credits may be authorized after June 30, 2015. (Section 660.055)

Increases in user fees imposed by the state are prohibited for a three year period beginning on the effective date of the act. New regulations including administrative costs, fees, and procedures for obtaining a small business license may not be created for a period of no more than three years from the effective date of the act. (Section 1)

The act contains an emergency clause.

Please do not hesitate to contact me if you feel I may be of further assistance.