Missouri Department of
Economic Development
HELPING MISSOURIANS PROSPER

NEIGHBORHOOD PRESERVATION ACT

To provide an incentive for the rehabilitation or construction of owner-occupied homes in certain areas of the state.

AUTHORIZATION

Sections 135.475 to 135.487, RSMo

ELIGIBLE AREAS

"Qualifying Areas" include "distressed communities," as defined in 135.530, RSMo, and areas with a median household income of less than 70% of the median household income for the applicable MSA or non-MSA.

"Eligible Areas" with a median household income of 70% to 89% of the median household income for the applicable MSA or non-MSA.

ELIGIBLE APPLICANTS

Any taxpayer who incurs eligible costs for a new residence or rehabilitates a residence for owner occupancy that is located in a designated area.

PROGRAM BENEFITS/ELIGIBLE USES

The Department of Economic Development (DED) issues state tax credits to a homeowner who rehabilitates a home or to a homeowner or developer that constructs a new home for owner-occupancy in certain areas of the state.

This tax credit can be applied to:

- Ch. 143 – Income tax, excluding withholding tax
- Ch. 147 – Corporate franchise tax
- Ch. 148 –
  - Bank Tax
  - Insurance Premium Tax
  - Other Financial Institution Tax

This credit's special attributes:

- Carry back 3 years
- Carry forward 5 years
- Sellable or transferable

FUNDING LIMITS

The maximum credits available are $8 million for Qualifying Areas and $8 million for Eligible Areas.

The credits for a project are determined as follows:

- New Residences in Eligible Areas – 15% of eligible costs, tax credits cannot exceed $25,000 per residence;
- New Residences in Qualifying Areas – 15% of eligible costs, tax credits cannot exceed $40,000 per residence;
- Substantial Rehabilitation in Eligible Areas – 25% of eligible costs, minimum costs $10,000, tax credits cannot exceed $25,000 per residence;
- Substantial Rehabilitation in Qualifying Areas – 35%of eligible costs, minimum costs the greater of $5,000 or 50% of the purchase price, tax credit cannot exceed $70,000 per residence.
- Non-substantial Rehabilitation in Qualifying Areas – 25% of eligible costs, minimum costs $5,000, tax credits cannot exceed $25,000 per residence.

APPLICATION/APPROVAL PROCEDURE

A pre-application is submitted to DED that includes cost estimates and scope of work. Applications will be accepted during an application cycle starting in January and ending in mid-February. The applications are granted preliminary approval based on a lottery process.

REPORTING REQUIREMENTS

The "Tax Credit Accountability Act" reporting form must be submitted to DED by June 30 each year for three years following the year of the first issuance of tax credits.

SPECIAL PROGRAM REQUIREMENTS

Tax credits may not be claimed in addition to any other state tax credits, with the exception of the Historic Preservation tax credit authorized by sections 253.545 to 253.559, RSMo. If Historic Preservation tax credits are claimed, the maximum available credits under this program will be the lesser of 20% of the eligible costs or $40,000.

CONTACT

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