

FIRST REGULAR SESSION

HOUSE BILL NO. 617

92ND GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVES DEMPSEY, COOPER (120), CAMPBELL AND ERVIN.

Read 1st time March 6, 2003, and copies ordered printed.

STEPHEN S. DAVIS, Chief Clerk

1963L.021

AN ACT

To amend chapter 172, RSMo, by adding thereto three new sections relating to life sciences funding districts, with an emergency clause.

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

Section A. Chapter 172, RSMo, is amended by adding thereto three new sections, to be
2 known as sections 172.950, 172.955, and 172.960, to read as follows:

172.950. As used in sections 172.950 to 172.960, the following terms shall mean:

2 **(1) "Board", the Missouri development finance board established pursuant to**
3 **section 100.265, RSMo;**

4 **(2) "Collecting officer", the officer of a tax district responsible for receiving and**
5 **processing payments in lieu of taxes or new tax revenue from taxpayers or the department**
6 **of revenue;**

7 **(3) "Life sciences company", any company, including related facilities, whose**
8 **primary activities are in agriculture, pharmaceuticals, biomedical, health care, or food**
9 **ingredients, and whose Standard Industrial Code classifications, the primary standard**
10 **industrial classification as such classifications are defined in the 1987 edition of the**
11 **Standard Industrial Classification Manual as prepared by the Executive Office of the**
12 **President, Office of Management and Budget, are 202, 207, 283, 284, 286, 287, 384, 806,**
13 **807, 2491, 2824, 3821, 3826, 3851, 7372, 7374, 8731, or 8734, or corresponding or similar**
14 **such codes of the North American Industry Classification System (NAICS), as determined**
15 **by the board;**

16 **(4) "Life sciences funding district", a home rule city with more than four hundred**
17 **thousand inhabitants and located in more than one county and all counties with a charter**
18 **form of government in which such city is located in whole or in part, or a county of the first**

19 **classification with more than one hundred thirty-five thousand four hundred but less than**
20 **one hundred thirty-five thousand five hundred inhabitants and all counties contiguous**
21 **with such county, or any city not within a county and a county with a charter form of**
22 **government and with more than one million inhabitants and all counties contiguous with**
23 **such county;**

24 **(5) "Life sciences project", any research and development project undertaken at**
25 **any state university facility located within a life sciences funding district for the primary**
26 **purpose of developing life sciences;**

27 **(6) "New tax revenue", the total additional revenue from taxes which are imposed**
28 **on any life science company by any municipality or other taxing districts within a life**
29 **science funding district, and which are generated by economic activities of such life science**
30 **company within a life sciences funding district over the amount of such taxes generated by**
31 **such economic activities within such area in the calendar year prior to the designation of**
32 **such an area by the board, but excluding personal property taxes, taxes imposed on sales**
33 **or charges for sleeping rooms paid by transient guests of hotels and motels, licenses, fees,**
34 **or special assessments;**

35 **(7) "Ordinance", an ordinance enacted by the governing body of a city, town,**
36 **village, or county or an order of the governing body of a county whose governing body is**
37 **not authorized to enact ordinances;**

38 **(8) "Payment in lieu of taxes", those estimated revenues from real property of a life**
39 **science company in a life science funding district, which taxing districts would have**
40 **received had the board not designated a life science funding district, and which would**
41 **result from levies made after the time of the designation of the area during the time the**
42 **current equalized value of real property in the life sciences funding district exceeds the**
43 **total initial equalized value of real property in such area until the designation is**
44 **terminated;**

45 **(9) "Taxing district", any political subdivision having the power to levy taxes,**
46 **located within a life sciences funding district and which contains in whole or in part a life**
47 **sciences company.**

172.955. 1. The board may, by majority vote upon application for creation of a life
2 **sciences funding district from a state university located within such proposed district,**
3 **designate a life sciences funding district for the purposes specified in sections 172.950 to**
4 **172.960. Upon designation of a life sciences funding district, the board shall notify each**
5 **taxing district located within such funding district of the designation. Any taxing district**
6 **receiving notice of such designation may, by ordinance or order, provide for the collection**
7 **and transfer, by the collecting officer and on a regular basis as prescribed by such**

8 ordinance or order, of all new tax revenue and payments in lieu of taxes attributable to any
9 life science company located within the taxing district to the "Life Sciences Research
10 Fund", which is hereby established within the state treasury to be administered by the
11 board. All new tax revenue and payments in lieu of taxes collected from a particular life
12 sciences funding district shall be disbursed solely to a state university located within such
13 district.

14 2. Moneys in the life sciences research fund shall be disbursed by the board to state
15 university facilities within a life sciences funding district for the purpose of funding life
16 sciences projects. Any state university shall, prior to receiving funds for a life sciences
17 project, submit to the board a strategic plan, developed at least in part with the assistance
18 of experts as provided in section 172.960, which details the goals of the university in life
19 sciences research and development, the steps considered necessary to achieve such goals,
20 and methods to measure success.

21 3. If the board determines that the level of new tax revenue and payments in lieu
22 of taxes are or will be insufficient to adequately fund life sciences projects in this state, the
23 board may apply to the department of economic development and the office of
24 administration for new state revenues as may be appropriated. For purposes of this
25 section, "new state revenues" means:

26 (1) The incremental increase in the general revenue portion of state sales tax
27 revenues received pursuant to section 144.020, RSMo, from sales at retail by life sciences
28 companies within a life sciences funding district, excluding sales taxes that are
29 constitutionally dedicated, taxes deposited to the school district trust fund in accordance
30 with section 144.701, RSMo, sales and use taxes on motor vehicles, trailers, boats and
31 outboard motors, and future sales taxes earmarked by law. The incremental increase in
32 the general revenue portion of state sales tax revenues for an existing or relocated life
33 sciences facility shall be the amount that current state sales tax revenue exceeds the state
34 sales tax revenue in the base year as determined by the board; and

35 (2) The state income tax withheld on behalf of all employees by a life sciences
36 company pursuant to section 143.221, RSMo, at the facility located within the life sciences
37 funding district as identified by the board. The state income tax withholding allowed by
38 this section shall be the department of revenue's estimate of the amount of state income tax
39 withheld by the life sciences company within the life sciences funding district for all
40 employees who are directly employed by the life sciences company.

41 4. No transfer from the general revenue fund to the life sciences research fund shall
42 be made unless the director of the department of economic development and the
43 commissioner of the office of administration approve the board's application for such

44 **funds and an appropriation is made from the general revenue fund for that purpose. Any**
45 **application submitted by the board shall be in substantial compliance with the**
46 **requirements of subdivision (1) of subsection 10 of section 99.845, RSMo.**

172.960. The board shall select, on an annual basis, peer review of the merits of all
2 **life science projects seeking funds from life sciences funding districts. The peer review**
3 **shall be conducted in accordance with such procedures as are utilized by the National**
4 **Institutes of Health and the National Science Foundation. Such review shall consist of**
5 **professional evaluation of the life sciences project by experts contracted by the board in**
6 **the life science area or areas of such project who are not affiliated in any way with such**
7 **project or the university conducting such project. The peer reviewers of each competing**
8 **life sciences project shall recommend approval or disapproval according to merit and shall**
9 **rank approved projects by assigning funding priority scores according to merit. Approved**
10 **projects shall be funded in priority order according to assigned scores until available funds**
11 **are exhausted. The general assembly declares that it is the intent of this section to ensure**
12 **that funds from life sciences districts are awarded to the most meritorious projects as**
13 **determined by peer review.**

Section B. Because immediate action is necessary to provide funding for life sciences
2 research and development, section A of this act is deemed necessary for the immediate
3 preservation of the public health, welfare, peace, and safety, and is hereby declared to be an
4 emergency act within the meaning of the constitution, and section A of this act shall be in full
5 force and effect upon its passage and approval.