

SECOND REGULAR SESSION

**HOUSE BILL NO. 1597**

**92ND GENERAL ASSEMBLY**

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INTRODUCED BY REPRESENTATIVES WILSON (119) (Sponsor), KING, DETHROW, KINGERY, CUNNINGHAM (145), ANGST, PURGASON, BOUGH, MORRIS, WILSON (130), RICHARD, RUESTMAN, HUNTER, MYERS, TAYLOR, DUSENBERG, WALLACE, BEAN, SCHLOTTACH, QUINN, LAGER, MUNZLINGER, SANDER, BROWN, MILLER, PEARCE, EMERY, COOPER (120), SMITH (118), GUEST, CRAWFORD, MOORE, COOPER (155), GOODMAN AND DEMPSEY (Co-sponsors).

Read 1<sup>st</sup> time March 1, 2004, and copies ordered printed.

STEPHEN S. DAVIS, Chief Clerk

4030L.011

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**AN ACT**

To amend chapter 135, RSMo, by adding thereto four new sections relating to rural empowerment zones.

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

Section A. Chapter 135, RSMo, is amended by adding thereto four new sections, to be known as sections 135.900, 135.903, 135.910 and 135.911, to read as follows:

**135.900. As used in sections 135.900 to 135.910, the following terms mean:**

- (1) "Department", the department of economic development;**
- (2) "Director", the director of the department of economic development;**
- (3) "Earned income", all income not derived from retirement accounts, pensions, or transfer payments;**
- (4) "New business facility", the same meaning as such term is 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;**
- (5) "Population", all residents living in an area who are not enrolled in any course at a college or university in the area;**
- (6) "Revenue-producing enterprise":**
  - (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**

16 as defined in 42 U.S.C.A. 5302(a)(20);

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

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

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

21 (h) Airports, flying fields, and airport terminal services classified as SIC 4581;

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

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

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

25 (l) Farm implement dealer activities classified as SIC 5999;

26 (m) Employment agency activities classified as SIC 7361;

27 (n) Computer programming, data processing, and other computer-related activities  
28 classified as SIC 737;

29 (o) Health service activities classified as SICs 801, 802, 803, 804, 806, 807, 8092, and  
30 8093;

31 (p) Interexchange telecommunications as defined in subdivision (20) of section  
32 386.020, RSMo, or training activities conducted by an interexchange telecommunications  
33 company as defined in subdivision (19) of section 386.020, RSMo;

34 (q) Recycling activities classified as SIC 5093;

35 (r) Banking activities classified as SICs 602 and 603;

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

38 (t) Mining activities classified as SICs 10 through 14;

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

40 (v) Any combination of any of the foregoing activities;

41 (8) "SIC", the standard industrial classification as such classifications are defined  
42 in the 1987 edition of the standard industrial classification manual as prepared by the  
43 executive office of the president, office of management and budget;

44 (9) "Transfer payments", payments made under Medicaid, Medicare, Social  
45 Security, child support or custody agreements, and separation agreements.

135.903. 1. To qualify as a rural empowerment zone, an area shall meet all the  
2 following criteria:

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

4 (2) At least sixty-five percent of the population has earned income below eighty  
5 percent of the median income of all residents within the state according to the last  
6 decennial census or other appropriate source as approved by the director;

7           (3) The population of the area is at least four hundred but not more than three  
8 thousand five hundred at the time of designation as a rural empowerment zone;

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

15           (5) The area is situated more than ten miles from any existing rural empowerment  
16 zone;

17           (6) The area is situated in a third or fourth class county; and

18           (7) The area is not situated in an existing enterprise zone.

19           2. The governing body of any county in which an area may be designated a rural  
20 empowerment zone shall submit to the department an application showing that the area  
21 complies with the requirements of subsection 1 of this section. The department shall  
22 declare the area a rural empowerment zone if upon investigation the department finds that  
23 the area meets the requirements of subsection 1 of this section. If the area is found not to  
24 meet the requirements, the governing body shall have the opportunity to submit another  
25 application for designation as a rural empowerment zone and the department shall  
26 designate the area a rural empowerment zone if upon investigation the department finds  
27 that the area meets the requirements of subsection 1 of this section.

          135.910. All of the Missouri taxable income attributed to a new business facility in  
2 a rural empowerment zone which is earned by a taxpayer establishing and operating a new  
3 business facility located within a rural empowerment zone shall be exempt from taxation  
4 under chapter 143, RSMo, if such new business facility is responsible for the creation of  
5 ten new full-time jobs in the zone within one year from the date on which the tax  
6 abatement begins. All of the Missouri taxable income attributed to a revenue-producing  
7 enterprise in a rural empowerment zone which is earned by a taxpayer operating a  
8 revenue-producing enterprise located within a rural empowerment zone and employing  
9 nineteen or fewer full-time employees shall be exempt from taxation under chapter 143,  
10 RSMo, if such revenue-producing enterprise is responsible for the creation of five new full-  
11 time jobs in the zone within one year from the date on which the tax abatement begins. All  
12 of the Missouri taxable income attributed to a revenue-producing enterprise in a rural  
13 empowerment zone which is earned by a taxpayer operating a revenue-producing  
14 enterprise located within a rural empowerment zone and employing twenty or more full-  
15 time employees shall be exempt from taxation under chapter 143, RSMo, if such revenue-

16 **producing enterprise is responsible for the creation of a number of new full-time jobs in**  
17 **the zone equal to twenty-five percent of the number of full-time employees employed by**  
18 **the revenue-producing enterprise on the date on which tax abatement begins within one**  
19 **year from the date on which the tax abatement begins.**

2 **135.911. The provisions of sections 135.900 to 135.910 shall expire on August 28,**  
2 **2014.**