HB 854 -- Missouri Quality Jobs Act

Sponsor: Richard

This bill establishes the Missouri Quality Jobs Program to provide incentives to businesses in return for the new tax revenues and other economic stimulus that will be produced by the new jobs created as a result of the program.

Any qualified company that receives benefits through the program is prohibited from receiving the following tax credits or exemptions for the same new jobs at the project facility: New or Expanded Business Facilities, Enterprise Zones, Relocating a Business to a Distressed Community, and Rural Empowerment Zones.

Small and expanding business projects are those which create at least 20 new jobs in two years if the project is located in a rural area or 40 new jobs in two years if the project is located elsewhere. Qualified companies of this type may retain for three years an amount equal to the withholding taxes from the new jobs if the average wage of the new payroll equals or exceeds the county’s average wage. If the average wage of the new payroll is at least 120% of the county’s average wage, the qualified company may retain the amount for five years.

Technology business projects are those which create a least 10 new jobs within two years. Seventy-five percent of the jobs must be directly involved with the operations of the technology company, as determined by the Department of Economic Development. Qualified companies of this type may retain for five years an amount equal to a maximum of 5% of the new payroll if the average wage of the new payroll equals or exceeds the county’s average wage. An additional 0.5% of new payroll may be retained if the average wage of the new payroll exceeds 120% of the county’s average wage in any year. If the average wage of the new payroll exceeds 140% of the county’s average wage in any year, an additional 0.5% may be retained.

The department will issue a refundable tax credit for any difference between the amount of benefit allowed and the amount of withholding tax retained by the company, in the event the withholding tax is not sufficient to provide the entire benefit due to the qualified company. The maximum amount of tax credits that can be issued to any qualifying company in a calendar year is $500,000. This tax credit cannot be carried forward but can be sold. A refund will be issued to the qualified company if the credits exceed the company’s tax liability.

High-impact projects create at least 100 new jobs within two years. Qualified companies of this type may retain an amount from the withholding tax of the new jobs equal to 3% of new payroll for a period of five years if the average wage of the new payroll equals or exceeds the county's average wage. A qualified company may retain 3.5% of new payroll if the average wage of the new payroll in any year exceeds 120% of the county's average wage or 4% of the new payroll if the average wage in any year exceeds 140% of the county's average wage. An additional 1% of new payroll may be added to these percentages if local incentives are between 10% and 24% of the new direct local revenues. An additional 2% of new payroll may be added to these percentages if the local incentives equal 50% or more of the new direct local revenue.

The department will issue a refundable tax credit for any difference between the benefit allowed and the withholding tax retained by the company in the event the withholding tax is not sufficient to provide the entire benefit due to the qualified company. The maximum amount of tax credits that can be issued to any qualifying company in a calendar year is $750,000. This amount can be increased to $1 million if the action is proposed by the department and approved by the Quality Jobs Advisory Task Force. This tax credit cannot be carried forward but can be sold. A refund will be issued to the qualified company if the credits exceed the company's tax liability.

Qualified companies must provide an annual report to the department documenting the basis for the benefits of this program.

The maximum amount of tax credits that can be issued in a calendar year for the entire program is $12 million. The bill reduces the annual amount of tax credits that can be authorized for relocating a business to a distressed community from $10 million to $3 million and specifies that the remaining $7 million must be transferred to the program. The annual maximum amount of other net new revenues approved for disbursement from the State Supplemental Downtown Development Fund is reduced from $150 million to $145 million. The remaining $5 million must be transferred to the program. There is no limit on the amount of withholding taxes that may be retained by approved companies under the program.

The bill establishes the Quality Jobs Advisory Task Force consisting of the chairperson of the Senate's Economic Development Committee, the chairperson of the House of Representative's Economic Development Committee, the Director of the Department of Economic Development, and two members appointed by the Governor.

The department must provide the General Assembly with an annual report before March 1 of each year. The bill specifies the requirements of the report.