

SECOND REGULAR SESSION

# HOUSE BILL NO. 1684

## 93RD GENERAL ASSEMBLY

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INTRODUCED BY REPRESENTATIVE STEVENSON.

Read 1st time February 7, 2006 and copies ordered printed.

STEPHEN S. DAVIS, Chief Clerk

4740L.01I

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### AN ACT

To repeal section 620.1878, RSMo, and to enact in lieu thereof one new section relating to business regulations.

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

Section A. Section 620.1878, RSMo, is repealed and one new section enacted in lieu thereof, to be known as section 620.1878, to read as follows:

620.1878. For the purposes of sections 620.1875 to 620.1890, the following terms shall mean:

(1) "Average wage", the new payroll divided by the number of new jobs;

(2) "Commencement of operations", the starting date for the qualified company's first new employee, which must be no later than twelve months from the date of the proposal;

(3) "County average wage", the average wages in each county as determined by the department for the most recently completed full calendar year. However, if the computed county average wage is above the statewide average wage, the statewide average wage shall be deemed the county average wage for such county. The department shall publish the county average wage for each county at least annually;

(4) "Department", the Missouri department of economic development;

(5) "Director", the director of the department of economic development;

(6) "Employee", a person employed by a qualified company;

(7) "Full-time equivalent employees", employees of the qualified company converted to reflect an equivalent of the number of full-time, year-round employees. The method for

EXPLANATION — Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted from the law. Matter in **bold-face** type in the above bill is proposed language.

16 converting part-time and seasonal employees into an equivalent number of full-time, year-round  
17 employees shall be published in a rule promulgated by the department as authorized in section  
18 620.1884;

19 (8) "Full-time, year-round employee", an employee of the company that works an  
20 average of at least thirty-five hours per week for a twelve-month period, and one for which the  
21 qualified company offers health insurance and pays at least fifty percent of such insurance  
22 premiums;

23 (9) "High-impact project", a qualified company that, within two years from  
24 commencement of operations, creates one hundred or more new jobs;

25 (10) "Local incentives", the present value of the dollar amount of direct benefit received  
26 by a qualified company for a project facility from one or more local political subdivisions, but  
27 shall not include loans or other funds provided to the qualified company that must be repaid by  
28 the qualified company to the political subdivision;

29 (11) "NAICS", the 1997 edition of the North American Industry Classification System  
30 as prepared by the Executive Office of the President, Office of Management and Budget. Any  
31 NAICS sector, subsector, industry group or industry identified in this section shall include its  
32 corresponding classification in subsequent federal industry classification systems;

33 (12) "New direct local revenue", the present value of the dollar amount of direct net new  
34 tax revenues of the local political subdivisions likely to be produced by the project over a  
35 ten-year period as calculated by the department and net new utility revenues, provided the local  
36 incentives include a discount or other direct incentives from utilities owned or operated by the  
37 political subdivision;

38 (13) "New investment", the purchase or leasing of new tangible assets to be placed in  
39 operation at the project facility, which will be directly related to the new jobs;

40 (14) "New job", the number of full-time, year-round employees located at the project  
41 facility that exceeds the project facility base employment less any decrease in the number of  
42 full-time equivalent employees at related facilities below the related facility base employment;

43 (15) "New payroll", the amount of wages paid by a qualified company to employees in  
44 new jobs;

45 (16) "Notice of intent", a form developed by the department, completed by the qualified  
46 company and submitted to the department which states the qualified company's intent to hire new  
47 jobs and request benefits under this program;

48 (17) "Percent of local incentives", the amount of local incentives divided by the amount  
49 of new direct local revenue;

50 (18) "Program", the Missouri quality jobs program provided in sections 620.1875 to  
51 620.1890;

52 (19) "Project facility", the building used by a qualified company at which the new jobs  
53 and new investment will be located. A project facility may include separate buildings that are  
54 located within one mile of each other such that their purpose and operations are interrelated;

55 (20) "Project facility base employment", for the twelve-month period prior to the date  
56 of the proposal, the average number of full-time equivalent employees located at the project  
57 facility. In the event the project facility has not been in operation for a full twelve-month period,  
58 project facility base employment is the average number of full-time equivalent employees for the  
59 number of months the project facility has been in operation prior to the date of the proposal;

60 (21) "Project period", the time period that the benefits are provided to a qualified  
61 company;

62 (22) "Proposal", a document submitted by the department to the qualified company that  
63 states the benefits that may be provided by this program. The effective date of such proposal  
64 cannot be prior to the commencement of operations. The proposal shall not offer benefits  
65 regarding any jobs created prior to its effective date unless the proposal is for a job retention  
66 project;

67 (23) "Qualified company", a firm, partnership, joint venture, association, private or  
68 public corporation whether organized for profit or not, or headquarters of such entity registered  
69 to do business in Missouri that is the owner or operator of a project facility. For the purposes  
70 of sections 620.1875 to 620.1890, the term "qualified company" shall not include:

71 (a) Gambling establishments (NAICS industry group 7132);

72 (b) Retail trade establishments (NAICS sectors 44 and 45);

73 (c) Food and drinking places (NAICS subsector 722);

74 (d) Utilities regulated by the Missouri public service commission;

75 (e) **Any corporation that has been dissolved under chapter 351, RSMo, and is**  
76 **currently in a state of dissolution;**

77 (f) Any company that is delinquent in the payment of any nonprotested taxes or any other  
78 amounts due the state or federal government or any other political subdivision of this state; or

79 [(f)] (g) Any company that has filed for or has publicly announced its intention to file  
80 for bankruptcy protection;

81 (24) "Related company" means:

82 (a) A corporation, partnership, trust, or association controlled by the qualified company;

83 (b) An individual, corporation, partnership, trust, or association in control of the  
84 qualified company; or

85 (c) Corporations, partnerships, trusts or associations controlled by an individual,  
86 corporation, partnership, trust or association in control of the qualified company. As used in this  
87 subdivision, ["control of a corporation"] shall mean ownership, directly or indirectly, of stock

88 possessing at least fifty percent of the total combined voting power of all classes of stock entitled  
89 to vote, ["]control of a partnership or association["] shall mean ownership of at least fifty percent  
90 of the capital or profits interest in such partnership or association, ["]control of a trust["] shall  
91 mean ownership, directly or indirectly, of at least fifty percent of the beneficial interest in the  
92 principal or income of such trust, and ownership shall be determined as provided in Section 318  
93 of the Internal Revenue Code of 1986, as amended;

94 (25) "Related facility", a facility operated by the qualified company or a related company  
95 located in this state that is directly related to the operations of the project facility;

96 (26) "Related facility base employment", for the twelve-month period prior to the date  
97 of the proposal, the average number of full-time equivalent employees located at all related  
98 facilities of the qualified company or a related company located in this state;

99 (27) "Rural area", a county in Missouri with a population less than seventy-five thousand  
100 or that does not contain an individual city with a population greater than fifty thousand according  
101 to the most recent federal decennial census;

102 (28) "Small and expanding business project", a qualified company that within two years  
103 of the date of the proposal creates a minimum of twenty new jobs if the project facility is located  
104 in a rural area or a minimum of forty new jobs if the project facility is not located in a rural area  
105 and creates fewer than one hundred new jobs regardless of the location of the project facility;

106 (29) "Tax credits", tax credits issued by the department to offset the state income taxes  
107 imposed by chapter 143, RSMo, or which may be sold or refunded as provided for in this  
108 program;

109 (30) "Technology business project", a qualified company that within two years of the  
110 date of the proposal creates a minimum of ten new jobs with at least seventy-five percent of the  
111 new jobs directly involved in the operations of a technology company as determined by a  
112 regulation promulgated by the department under the provisions of section 620.1884 and  
113 classified by NAICS codes;

114 (31) "Withholding tax", the state tax imposed by sections 143.191 to 143.265, RSMo.

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