

HCS HB 995 -- REGIONAL ECONOMIC DEVELOPMENT INITIATIVE

SPONSOR: Richard (Hobbs)

COMMITTEE ACTION: Voted "do pass" by the Special Committee on Job Creation and Economic Development by a vote of 11 to 0.

This substitute establishes a Regional Economic Development Initiative to promote individual and business investments in economic development within a region through contributions to regional economic development organizations. A regional economic development organization is any legally formed and locally recognized nonprofit organization representing multiple cities or counties with the goal of promoting economic growth for its respective area.

Beginning January 1, 2008, taxpayers will be eligible to receive a tax credit equal to 50% of any amount contributed to a regional economic development organization if the organization's plan has been approved by the Department of Economic Development. In order to receive the tax credit, contributions must be made during the department-approved fundraising time period.

No more than \$12 million of tax credits can be authorized annually and no more than \$36 million for the life of the program. The tax credit can be used to offset a taxpayer's income tax; corporate franchise tax; financial institutions tax; or bridge, express, and public utilities tax. The tax can be carried forward for five years or sold.

The organization is required to submit an application to the department for tax credit authorization. The requirements of the application, eligible activities, and considerations the department must take into account when reviewing applications are specified. The organization must submit quarterly reports detailing its expenditures and the progress of its project. Within six months of the end of the project, the organization must report its results and submit an audit to the department. If the funds have not been expended in accordance with the approved application or if the project has not been completed, the organization must repay the department an amount equal to the tax credits issued.

The provisions of the substitute will expire three years from the effective date.

FISCAL NOTE: Estimated Cost on General Revenue Fund of \$59,632 in FY 2008, \$90,700 to 12,090,700 in FY 2009, and \$110,392 to 12,110,392 in FY 2010. No impact on Other State Funds in FY 2008, FY 2009, and FY 2010.

PROPONENTS: Supporters say that the bill creates a pool of tax credits for building infrastructure and job training. Rural entities often have difficulty financing the new infrastructure necessary for new businesses; and in many places, the workforce needs to be trained for new types of manufacturing and technology jobs. The flexibility the bill provides is important, especially to smaller communities which have different needs and fewer resources than large urban areas.

Testifying for the bill were Representative Hobbs; and Missouri Economic Development Council.

OPPONENTS: There was no opposition voiced to the committee.