SECOND REGULAR SESSION

HOUSE BILL NO. 2556

94TH GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVES HUBBARD (Sponsor), EL-AMIN AND NASHEED (Co-sponsors).

Read 1st time April 1, 2008 and copies ordered printed.

D. ADAM CRUMBLISS, Chief Clerk

5611L.01I

AN ACT

To amend chapter 135, RSMo, by adding thereto one new section relating to a tax credit for certain taxpayers who participate in the child initiative program.

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

Section A. Chapter 135, RSMo, is amended by adding thereto one new section, to be known as section 135.1172, to read as follows:

135.1172. 1. As used in this section, the following terms mean:

(1) "State tax liability", in the case of a business taxpayer, any liability incurred by such taxpayer under the provisions of chapters 143, 147, 148, and 153, RSMo, excluding withholding tax imposed by sections 143.191 to 143.265, RSMo, and related provisions, and in the case of an individual taxpayer, any liability incurred by such taxpayer under the provisions of chapter 143, RSMo;

(2) "Taxpayer", a person, firm, a partner in a firm, corporation or a shareholder in an S corporation doing business in the state of Missouri and subject to the state income tax imposed by the provisions of chapter 143, RSMo, or a corporation subject to the annual corporation franchise tax imposed by the provisions of chapter 147, RSMo, or an insurance company paying an annual tax on its gross premium receipts in this state, or other financial institution paying taxes to the state of Missouri or any political subdivision of this state under the provisions of chapter 148, RSMo, or an express company which pays an

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.

annual tax on its gross receipts in this state under chapter 153, RSMo, or an individual subject to the state income tax imposed by the provisions of chapter 143, RSMo.

2. There is hereby established the "Child Initiative Program" to be administered by the department of economic development. The program shall provide:

(1) Information and support for students to consider college and actively prepare for it as early as middle school age;

(2) Subsidized part-time employment; and

(3) A college savings account for participants who qualify under the program.

3. A student who meets the following criteria is eligible for the program:

(1) Is a resident of Missouri;

(2) Is a student enrolled in grade five or higher in a public school in the metropolitan school district;

(3) Agrees in writing, together with the student's custodial parents or guardian, that the student will:

(a) Graduate from a public secondary school in the metropolitan district that meets the admission criteria of an institution of higher education;

(b) Work, as employment becomes available through the program, at a part-time job as further described in this section; and

(c) When the eligible student is a senior in high school, timely apply to an institution of higher education for admission.

4. The commissioner of education shall designate a not-for-profit agency or agencies to coordinate the solicitation of donations and employment opportunities and to work in conjunction with the school district to provide program information and support to students through school-related activities and facilities.

5. At the point when the student's parents give permission, with the concurrence of the student's guidance counselor if the student is less than sixteen years of age, a student may apply for a part-time job through the program. The employer shall deposit one-half of the student's weekly compensation into a college savings account established for the student under the provisions of sections 166.400 to 166.456, RSMo. The state board of education shall provide by rule for a sliding scale of ages and weekly hours of work permitted, taking into consideration a student's academic record.

6. Monetary donations may be made by entities who do not elect to participate as employers of eligible students, and any such donation shall be used to match employer contributions in the case of employers who do not make a donation to a student's college savings account as provided in subsection 5 of this section. Any such donation shall be divided among student participants in proportion of hours worked by an individual to total

hours by program participants to be deposited in a college savings account established under sections 166.400 to 166.456, RSMo.

7. For all tax years beginning on or after January 1, 2009, a taxpayer shall be allowed to claim a tax credit against the taxpayer's state tax liability in an amount equal to fifty percent of the amount such taxpayer paid to a student meeting the requirements of subsection 3 of this section in wages for part-time employment, or fifty percent of the amount of the donation a taxpayer made to the program under subsection 6 of this section.

8. The amount of the tax credit issued shall not exceed the amount of the taxpayer's state tax liability for the taxable year for which the credit is claimed, and such taxpayer shall not be allowed to claim a tax credit in excess of fifty thousand dollars per taxable year. However, any tax credit that cannot be claimed in the taxable year the contribution was made may be carried forward to the next four succeeding taxable years until the full credit has been claimed.

9. The cumulative amount of tax credits which may be claimed by all the taxpayers under this program in any one fiscal year shall not exceed twenty million dollars. The department shall establish a procedure for tracking students for which employers receive tax credits under this section.

10. (1) There is hereby created in the state treasury the "Child Initiative Fund" as a separate fund under the control of the director of the department of economic development. The fund shall consist of moneys appropriated and made available for subsidized part-time employment under this section. The state treasurer shall be custodian of the fund and shall disburse moneys from the fund in accordance with sections 30.170 and 30.180, RSMo.

(2) Notwithstanding the provisions of section 33.080, RSMo, to the contrary, any moneys remaining in the fund at the end of the biennium shall not revert to the credit of the general revenue fund.

(3) The state treasurer shall invest moneys in the fund in the same manner as other funds are invested. Any interest and moneys earned on such investments shall be credited to the fund.

11. The department of economic development may promulgate rules to implement the provisions of this section. Any rule or portion of a rule, as that term is defined in section 536.010, RSMo, that is created under the authority delegated in this section shall become effective only if it complies with and is subject to all of the provisions of chapter 536, RSMo, and, if applicable, section 536.028, RSMo. This section and chapter 536, RSMo, are nonseverable and if any of the powers vested with the general assembly pursuant to chapter 536, RSMo, to review, to delay the effective date, or to disapprove and

annul a rule are subsequently held unconstitutional, then the grant of rulemaking authority and any rule proposed or adopted after August 28, 2008, shall be invalid and void.

12. Under section 23.253, RSMo, of the Missouri Sunset Act:

(1) The provisions of the new program authorized under this section shall automatically sunset on December thirty-first six years after the effective date of this section unless reauthorized by an act of the general assembly; and

(2) If such program is reauthorized, the program authorized under this section shall automatically sunset on December thirty-first twelve years after the effective date of the reauthorization of this section; and

(3) This section shall terminate on September first of the calendar year immediately following the calendar year in which the program authorized under this section is sunset.

✓