

HB 2 -- Manufacturing Jobs Act

Sponsor: Nolte

This bill establishes the Manufacturing Jobs Act which provides incentives for qualified manufacturing companies and qualified suppliers that create or retain Missouri jobs. In its main provisions, the bill:

(1) Defines "qualified manufacturing company" as a business that:

(a) Manufactures goods at a facility in Missouri;

(b) Makes a capital investment of at least \$75,000 per retained job at the facility for the manufacture of a new product within two years of beginning to retain withholding taxes or makes a capital investment of at least \$50,000 per retained job at the facility for the modification or expansion of an existing product within two years of beginning to retain withholding taxes;

(c) Manufactures a new product or has commenced making capital improvements to the facility to manufacture a new product or modifies or expands the manufacture of an existing product or has commenced making capital improvements to the facility to manufacture an existing product; and

(d) Continues to manufacture these goods for the withholding period in which the company may receive benefits under this program;

(2) Defines "qualified supplier" as a company that:

(a) Derives more than 10% of its total annual revenues from sales to a qualified manufacturing company;

(b) Adds five or more new jobs;

(c) Pays wages for new jobs that are equal to or exceed the county average wage for Missouri as determined by the Department of Economic Development using the National American Industry Classification System (NAICS) industry classifications but are not less than 60% of the statewide average wage; and

(d) Provides health insurance to employees and pays at least 50% of the insurance premiums;

(3) Requires the department to respond with an approval or rejection within 30 days to a qualified manufacturing company or qualified supplier who provides a notice of intent to receive

benefits under this program. Failure of the department to respond will result in the notice of intent being deemed approved;

(4) Allows a qualified manufacturing company beginning January 1, 2012, upon approval of a notice of intent by the department, to retain 100% of the withholding taxes from retained jobs for 10 years if it manufactures a new product or to retain 50% of withholding taxes from retained jobs for seven years if it modifies or expands the manufacture of an existing product;

(5) Allows a qualified manufacturing company to remain eligible to participate in the Missouri Quality Jobs Program for any new jobs for which it does not retain withholding taxes if it meets the other requirements for that program but prohibits a qualified manufacturing company from simultaneously receiving benefits from:

(a) Business use incentives for large-scale developments (Sections 100.700 - 100.850, RSMo);

(b) New or expanded business facilities (Sections 135.100 - 135.150);

(c) Enterprise zones (Sections 135.200 - 135.286);

(d) Relocation of a business to a distressed community (Section 135.535); or

(e) Rural empowerment zones (Sections 135.900 - 135.906);

(6) Allows a qualified supplier, upon approval of a notice of intent by the department, to retain 100% of the withholding taxes from new jobs for three years. If the qualified supplier pays wages for the new jobs that are equal to or greater than 120% of the county average wage for Missouri as determined by the department using NAICS industry classifications, it can retain the withholding taxes for five years. A qualified supplier is prohibited from simultaneously receiving benefits from:

(a) Business use incentives for large-scale developments (Sections 100.700 - 100.850);

(b) New or expanded business facilities (Sections 135.100 - 135.150);

(c) Enterprise zones (Sections 135.200 - 135.286);

(d) Relocation of a business to a distressed community (Section 135.535);

- (e) Rural empowerment zones (Sections 135.900 - 135.906);
- (f) Enhanced enterprise zones (Sections 135.950 - 135.970); or
- (g) Missouri Quality Jobs Program (Section 620.1881);

(7) Limits the amount of retained withholding taxes authorized under the program for any one qualified manufacturing company to \$10 million per year and limits the aggregate amount of retained withholding taxes authorized under the program to \$15 million per year;

(8) Specifies that if a qualified manufacturing company is utilizing withholding taxes from jobs at the facility for any other state program, the taxes will first be credited to the other state program before beginning to accrue to this program. The other state programs include, but are not limited to:

- (a) New jobs training (Sections 178.892 - 178.896);
- (b) Job retention (Sections 178.760 - 178.764);
- (c) Real Property Tax Increment Allocation Redevelopment Act (Sections 99.800 - 99.865); or
- (d) Missouri Downtown and Rural Economic Stimulus Act (Sections 99.915 - 99.980);

(9) Specifies that any taxpayer who is awarded benefits under this program and knowingly hires individuals who are not allowed to work legally in the United States will immediately forfeit these benefits and repay the state an amount equal to any withholding taxes already retained;

(10) Specifies that taxpayers awarded benefits under the program will not be required to obtain affidavits from subcontractors regarding the employment of illegal immigrants;

(11) Requires a qualified manufacturing company that fails to make the required capital investment within two years to cease retaining any withholding tax with respect to jobs at the facility, repay all withholding tax previously retained with interest of 5% per year, and forfeit all rights to retain withholding tax for the remainder of the withholding period. If the failure to make the capital investment is due to economic conditions beyond the company's control, the department director may suspend the right to retain withholding tax one time for up to three years;

(12) Requires a qualified manufacturing company that

discontinues the manufacturing of a new product without replacing it with a subsequent or additional new product manufactured at the facility during the withholding period to cease retaining any withholding tax with respect to jobs at the facility and to forfeit all rights to retain withholding tax for the remainder of the withholding period; and

(13) Requires the department to submit an annual report by March 1 to the General Assembly with information on the participating companies and suppliers, the amount of benefits provided, the estimated net state fiscal impact, and the number of new and retained jobs.

The provisions of the bill will expire six years from the effective date.