

HCS HB 1171 -- ECONOMIC-EDUCATION PARTNERSHIP ACT

SPONSOR: Butler

COMMITTEE ACTION: Voted "Do Pass" by the Committee on Economic Development by a vote of 22 to 0.

This bill establishes the Economic-Education Partnership Act. If an employer with facilities in Missouri pays for the tuition or fees for an employee or an intern who is a resident of this state to pursue an associates, bachelors, masters, or doctorate degree in health care, engineering, or information technology related programs, the employer can retain withholding taxes on its employees for up to five years. The amount of withholding taxes that the employer may retain is limited to the amount the employer spent on the employee or intern's education. An employer is allowed to retain withholding taxes on its employees if the employer trains an individual for a job in the health care, engineering, or information technology field for no more than one year. The amount of withholding taxes that the employer may retain is limited to the amount the employer paid in wages to the individual while training him or her. The total amount of withholding tax that can be retained by all employers under these provisions cannot exceed \$2 million.

An employer who provided education benefits prior to the effective date of these provisions may only retain withholding tax for providing additional education benefits.

The bill requires an employer to enter into an agreement with the Department of Economic Development that requires the employer to employ the individual upon the completion of his or her degree or training for at least as long as the employer is authorized to retain withholding taxes. The department can audit employers to ensure compliance with the program requirements. An employer who fails to comply with the agreement must cease retaining any withholding tax and repay any amounts of withholding tax retained plus interest at 5% per year.

This bill will expire 7 years after the effective date.

PROPONENTS: Supporters say that this bill provides an incentive for companies to expand programs in science, technology, engineering, and mathematics. This bill also provides incentives for businesses to stay or relocate to Missouri.

Testifying for the bill were Representative Butler; St. Louis Community College; and Associated Industries of Missouri.

OPPONENTS: There was no opposition voiced to the committee.

OTHERS: Those testifying for informational purposes say that Missouri needs a skilled and educated workforce but believe there are other avenues to provide for that need.

Testifying on the bill was Tracy King with Missouri Chamber of Commerce.