House ____ Amendment NO.____

Offered By

______________________________________ ______________________________________

AMEND House Committee Substitute for Senate Bill No. 909, Page 1, in the Title, Lines 2-3, by deleting the words "the designation of highways" and inserting in lieu thereof the following "transportation"

Further amend said bill, page, Section A, Line 2, by inserting after all of said section and line the following:

"68.075. 1. This section shall be known and may be cited as the "Advanced Industrial Manufacturing Zones Act".

2. As used in this section, the following terms shall mean:

(1) "AIM zone", an area identified through a resolution passed by the port authority board of commissioners appointed under section 68.045 that is being developed or redeveloped for any purpose so long as any infrastructure and building built or improved is in the development area. The port authority board of commissioners shall file an annual report indicating the established AIM zones with the department of revenue;

(2) "New job", the number of full-time employees located at the project facility that exceeds the project facility base employment less any decrease in the number of full-time employees at related facilities below the related facility base employment. No job that was created prior to the date of the notice of intent shall be deemed a new job. An employee that spends less than fifty percent of the employee's work time at the facility is still considered to be located at a facility if the employee receives his or her directions and control from that facility, is on the facility's payroll, one hundred percent of the employee's income from such employment is Missouri income, and the employee is paid at or above the state average wage.

3. Any port authority located in this state may establish an AIM zone. Such zone may only include the area within the port authority's jurisdiction and may include any such area. The port authority shall determine the boundaries for each AIM zone, and more than one AIM zone may exist within the port authority's jurisdiction.

4. Fifty percent of the state tax withholdings imposed by sections 143.191 to 143.265 on new jobs within such zone after development or redevelopment has commenced shall not be remitted to the general fund of the state of Missouri. Such moneys shall be deposited into the port authority AIM zone fund established under subsection 5 of this section for the purpose of continuing

Standing Action Taken____ Date ___________________

Select Action Taken____ Date ___________________ to expand, develop, and redevelop AIM zones identified by the port authority board of commissioners and may be used for managerial, engineering, legal, research, promotion, planning, satisfaction of bonds issued under section 68.040, and any other expenses.

5. There is hereby created in the state treasury the "Port Authority AIM Zone Fund", which shall consist of money collected under this section. The state treasurer shall be custodian of the fund and shall approve disbursements from the fund in accordance with sections 30.170 and 30.180 to the port authorities from which the funds were collected, less the pro-rata portion appropriated by the general assembly to be used solely for the administration of this section which shall not exceed ten percent of the total amount collected within the zones of a port authority. Notwithstanding the provisions of section 33.080 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. 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.

6. The port authority shall approve any projects that begin construction and disperse any money collected under this section. The port authority shall submit an annual budget for the funds to the department of economic development explaining how and when such money will be spent.

7. The provision of section 23.253 notwithstanding, no AIM zone may be established after August 28, 2023. Any AIM zone created prior to that date shall continue to exist and be coterminous with the retirement of all debts incurred under subsection 4 of this section. No debts may be incurred or reauthorized using AIM zone revenue after August 28, 2023.

143.2100. 1. As used in sections 143.2100 to 143.2115, unless the context requires a different meaning, the following terms shall mean:

(1) "Deduction", an amount subtracted from the taxpayer's Missouri adjusted gross income to determine Missouri taxable income for the tax year in which such deduction is claimed;

(2) "Department", the department of economic development;

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

(4) "Taxpayer", a person, firm, partner in a firm, member of a limited liability company, corporation, or 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, or a corporation subject to the annual corporation franchise tax imposed by the provisions of chapter 147, 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, or an express company which pays an annual tax on its gross receipts in this state under chapter 153.

2. Prior to March 1, 2018, and every two years thereafter, the department, with information provided by the port authorities, airports, and the department of revenue, shall provide a report on the deductions claimed under sections 143.2100 to 143.2115. Such report shall include the following:

(1) The names and locations of participating companies;

(2) The annual amount of benefits provided;

(3) The estimated net state fiscal impact, including both direct and indirect new state taxes

derived from the program;

(4) The number of new jobs created;

(5) The average wages of each project; and

(6) The types of qualified companies using the program.

3. The department shall promulgate rules to implement the provisions of sections 143.2100 to 143.2115. Any rule or portion of a rule, as that term is defined in section 536.010 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, and, if applicable, section 536.028. This section and chapter 536 are nonseverable and if any of the powers vested with the general assembly pursuant to chapter 536, 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, 2016, shall be invalid and void.

143.2105. 1. As used in this section, unless the context clearly indicates otherwise, the following terms shall mean:

(1) "Airport", any publicly or privately owned facility located within Missouri through which cargo is transported by way of airplane to or from destinations outside the state and which handles cargo owned by third parties in addition to cargo owned by the airport's owner;

(2) "Base year port cargo volume", the total amount of net tons of noncontainerized cargo or twenty-foot equivalent units (TEUs) of cargo actually transported by way of a waterborne ship, waterborne vehicle, or airplane through a water port facility or airport during the period from January 1, 2015, through December 31, 2015. Base year port cargo volume shall be at least seventy-five net tons of noncontainerized cargo or ten loaded TEUs for a taxpayer to be eligible for the deductions claimed under this section. For a taxpayer that does not transport that amount in the year ending December 31, 2015, including a taxpayer who locates to Missouri after December 31, 2015, the base year port cargo volume will be measured by the initial January first through December thirty-first calendar year in which it meets the requirements of seventy-five net tons of noncontainerized cargo or ten loaded TEUs. Base year port cargo volume shall be recalculated each calendar year after the initial base year;

(3) "Major facility", a new facility to be located in Missouri that is projected to import or export cargo through a water port facility or airport in excess of twenty-five thousand TEUs or the noncontainerized cargo equivalent in its first calendar year;

(4) "Port cargo volume", the total amount of net tons of noncontainerized cargo or containers measured in TEUs of cargo transported by way of a waterborne ship, waterborne vehicle, or airplane through a water port facility or airport;

(5) "TEU" or "Twenty-foot equivalent unit", a volumetric measure based on the size of a container that is twenty feet long by eight feet wide by eight feet, six inches high. If using weight as a measure, then one TEU shall equal sixteen tons of noncontainerized cargo; and

(6) "Water port facility", any publicly or privately owned facility located within Missouri through which cargo is transported by way of a waterborne ship or vehicle to or from destinations outside the state and which handles cargo owned by third parties in addition to cargo owned by the water port facility's owner.

2. (1) For taxable years beginning on or after January 1, 2017, but before January 1, 2023, a taxpayer engaged in the manufacturing of goods or the distribution of manufactured goods that uses water port facilities or airports in this state and increases its port cargo volume at these facilities by a minimum of five percent in a single calendar year over its base year port cargo volume shall be allowed to claim a deduction in an amount determined by the department. The department may waive the requirement that port cargo volume be increased by a minimum of five percent over base year port cargo volume for any taxpayer that qualifies as a major facility.

(2) Qualifying taxpayers that increase their port cargo volume by a minimum of five percent in a qualifying calendar year shall be allowed to claim a fifty-dollar deduction for each TEU or the noncontainerized cargo equivalent above the base year port cargo volume. A qualifying taxpayer that is a major facility as defined in this section shall be allowed to claim a fifty-dollar deduction for each TEU or the noncontainerized cargo equivalent transported through a water port facility or airport during the major facility's first calendar year. A qualifying taxpayer shall not claim a deduction of more than two hundred fifty thousand dollars for each calendar year except as provided for in subdivision (2) of subsection 3 of this section. The maximum amount of deductions for all qualifying taxpayers under this section shall not exceed three million five hundred thousand dollars for each calendar year.

(3) The deduction may be claimed by the taxpayer as provided in subdivision (1) of this subsection only if the taxpayer owns the cargo at the time the water port facilities or airports are used.

3. (1) For every year in which a taxpayer claims the deduction, the taxpayer shall submit an application to the department by March first of the calendar year after the calendar year in which the increase in port cargo volume occurs. The taxpayer shall attach a schedule to the taxpayer's application to the department with the following information and any other information requested by the department:

(a) A description of how the base year port cargo volume and the increase in port cargo volume were determined;

(b) The amount of the base year port cargo volume;

(c) The amount of the increase in port cargo volume for the taxable year stated both as a percentage increase and as a total increase in net tons of noncontainerized cargo and TEUs of cargo, including information that demonstrates an increase in port cargo volume in excess of the minimum amount required to claim the deductions under this section; and

(d) Any deduction utilized by the taxpayer in prior years.

(2) The taxpayer shall claim the deduction on its income tax return in a manner prescribed by the department of revenue, and the department of revenue may require a copy of the certification form issued by a Missouri port authority or airport be attached to the return or otherwise provided.

143.2110. 1. As used in this section, unless the context clearly indicates otherwise, the term "international trade facility" shall mean a company that:

(1) Is doing business in the state and engaged in water port or airport related activities including, but not limited to, warehousing, distribution, freight forwarding and handling, and goods processing;

(2) Has the sole discretion and authority to move cargo in containers or noncontainerized, originating or terminating in the state;

(3) Uses water-connected port facilities or airport facilities located in the state; and

(4) Uses airplanes, barges, trucks, or rail systems to move cargo, in containers or noncontainerized, through water port facilities or airports in the state.

2. For taxable years beginning on or after January 1, 2017, but before January 1, 2023, a company that is an international trade facility shall be allowed a twenty-five-dollar deduction per TEU or equivalent of noncontainerized cargo moved by airplane, barge, or rail.

3. In no case shall more than two million dollars in deductions be claimed under this section in any fiscal year of the state. The international trade facility shall not be allowed to claim any deduction under this section unless it has applied to the department for the deduction and the department has approved the deduction. The department shall determine the deduction amount allowable for the year and provide a written certification to the international trade facility, which certification shall report the amount of the deduction approved by the department. The international trade facility shall attach the certification to the applicable tax return.

143.2115. 1. As used in this section, unless the context requires a different meaning, the following terms shall mean:

(1) "Affiliated companies", two or more companies related to each other so that:

(a) One company owns at least eighty percent of the voting power of the other or others; or

(b) The same interest owns at least eighty percent of the voting power of two or more companies;

(2) "Capital investment", the amount properly chargeable to a capital account for improvements to rehabilitate or expand depreciable real property placed in service during the taxable year and the cost of machinery, tools, and equipment used in an international trade facility directly related to the movement of cargo. "Capital investment" includes expenditures associated with any exterior, structural, mechanical, or electrical improvements necessary to expand or rehabilitate a building for commercial or industrial use and excavations, grading, paving, driveways, roads, sidewalks, landscaping, or other land improvements. For purposes of this section, machinery, tools, and equipment shall be deemed to include only that property placed in service by the international trade facility on or after January 1, 2017. Machinery, tools, and equipment excludes property:

(a) For which a deduction under this section was previously granted;

(b) Placed in service by the taxpayer, a related party as defined in Subsection (b) of Section 267 of the Internal Revenue Code, as amended, or by a trade or business under common control as described in Subsection (b) of Section 52 of the Internal Revenue Code, as amended; or

(c) Previously in service in the state that has a basis in the hands of the person acquiring it, determined in whole or in part by reference to the basis of such property in the hands of the person from whom it was acquired or Subsection (a) of Section 1014 of the Internal Revenue Code, as amended. "Capital investment" shall not include:

a. The cost of acquiring any real property or building;

b. The cost of furnishings;

c. Any expenditure associated with appraisal, architectural, engineering, or interior design fees;

d. Loan fees, points, or capitalized interest;

e. Legal, accounting, realtor, sales and marketing, or other professional fees;

f. Closing costs, permit fees, user fees, zoning fees, impact fees, and inspection fees;

g. Bids, insurance, signage, utilities, bonding, copying, rent loss, or temporary facilities costs incurred during construction;

h. Utility hook-up or access fees;

i. Outbuildings; or

j. The cost of any well or septic system;

(3) "Deduction year", the first taxable year following the taxable year in which the international trade facility commenced or expanded its operations. A separate deduction year and a three-year allowance shall exist for each distinct international trade facility of a single taxpayer;

(4) "International trade facility", a company that:

(a) Is engaged in port related activities including, but not limited to, warehousing, distribution, freight forwarding and handling, and goods processing;

(b) Uses water-connected port facilities or airports located in the state; and

(c) Transports at least ten percent more cargo, measured in TEU containers or the noncontainerized cargo equivalent, through water-connected port facilities or airport in the state during the taxable year than was transported by the company through such facilities during the preceding taxable year;

(5) "New, permanent full-time position", a job of indefinite duration, created by the company after establishing or expanding an international trade facility in the state, requiring a minimum of thirty-five hours of employment per week for each employee for the entire normal year of the company's operations, or a position of indefinite duration that requires a minimum of thirty-five hours of employment per week for each employee for the portion of the taxable year that the employee was initially hired for, or transferred to the international trade facility in the state. Seasonal or temporary positions, or a job created if a job function is shifted from an existing location in the state to the international trade facility, and positions in building and grounds maintenance, security, and other such positions that are ancillary to the principal activities performed by the employees at the international trade facility shall not qualify as new, permanent full-time positions;

(6) "Normal year", at least forty-eight weeks in a calendar year;

(7) "Qualified full-time employee", an employee filling a new, permanent full-time position in an international trade facility in the state;

(8) "Qualified trade activities", the completed exportation or importation of at least one International Organization for Standardization ocean container or the noncontainerized equivalent with a minimum twenty-foot length, through a Missouri port authority-operated cargo facility or an airport in this state. An export container or the noncontainerized cargo equivalent with an ultimate international destination shall be loaded on a barge or airplane and an import container or the noncontainerized cargo equivalent originating from an international destination shall be discharged

from a barge or airplane at such facility.

2. For taxable years beginning on or after January 1, 2017, but before January 1, 2023, a taxpayer satisfying the requirements of this section shall be allowed to claim a deduction in an amount equal to either three thousand five hundred dollars per qualified full-time employee that results from increased qualified trade activities by the taxpayer or an amount equal to two percent of the capital investment made by the taxpayer to facilitate the increased qualified trade activities. The election of which deduction amount to claim shall be the responsibility of the taxpayer. Both deductions shall not be claimed for the same activities that occur within a calendar year. The portion of the three thousand five hundred dollars deduction earned with respect to any qualified full-time employee who works in the state for less than twelve full months during the deduction year shall be determined by multiplying the deduction amount by a fraction, the numerator of which is the number of full months such employee worked for the international trade facility in the state during the deduction year and the denominator of which is twelve.

3. In no case shall more than five hundred thousands dollars in deductions be claimed under this section in any fiscal year of the state. The taxpayer shall not be allowed to claim any deduction under this section unless it has applied to the department for the deduction and the department has approved the deduction. The department shall determine the deduction amount allowable for the taxable year and shall provide a written certification to the taxpayer, which certification shall report the amount of the deduction approved by the department. The taxpayer shall attach the certification to the applicable income tax return.

4. The amount of the deduction allowed under this section shall not exceed fifty percent of the taxpayer's Missouri adjusted gross income.

5. No deduction shall be earned for any employee:

(1) For whom a deduction under this section was previously earned by a related party as defined in Subsection (b) of Section 267 of the Internal Revenue Code, as amended, or a trade or business under common control as described in Subsection (b) of Section 52 of the Internal Revenue Code, as amended;

(2) Who was previously employed in the same job function in Missouri by a related party as defined in Subsection (b) of Section 267 of the Internal Revenue Code, as amended, or a trade or business under common control as described in Subsection (b) of Section 52 of the Internal Revenue Code, as amended; or

(3) Whose job function was previously performed at a different location in Missouri by an employee of the taxpayer, by a related party as defined in Subsection (b) of Section 267 of the Internal Revenue Code, as amended, or by a trade or business under common control as described in Subsection (b) of Section 52 of the Internal Revenue Code, as amended.

6. For the purposes of this section, two or more affiliated companies may elect to aggregate the number of jobs created for qualified full-time employees or the amounts of capital investments as the result of the establishment or expansion by the individual companies in order to qualify for the deduction allowed under this section.

7. Recapture of the deduction amount under the following circumstances shall be accomplished by increasing the tax in any of the five years succeeding the taxable year in which a

<u>deduction has been earned pursuant to this section if the number of qualified full-time employees falls below the average number of qualified full-time employees during the taxable year. The Missouri taxable income increase amount shall be determined by recalculating the deduction that would have been earned for the original taxable year using the decreased number of qualified full-time employees and subtracting the recalculated deduction amount from the amount previously earned. In the event that the average number of qualified full-time employees employed at an international trade facility falls below the number employed by the taxpayer prior to claiming any deductions under this section in any of the five taxable years succeeding the year in which the deductions were earned, all deductions earned with respect to the international trade facility shall be recaptured. No deduction amount shall be recaptured more than once under this subsection. Any recapture under this subsection shall reduce deductions earned, but not yet allowed, before the taxpayer's Missouri taxable income is increased.</u>

<u>8. The department shall issue guidelines for:</u>

<u>(1) The computation and recapture of the deductions provided under this section;</u>

<u>(2) The establishment of criteria for:</u>

<u>(a) International trade facilities;</u>

<u>(b) Qualified full-time employees at such facilities; and</u>

<u>(c) Capital investments; and</u>

<u>(3) The computation, recapture, and redemption of the deductions by affiliated companies.</u>"; and

Further amend said bill by amending the title, enacting clause, and intersectional references accordingly.