

HCS HB 1927 -- SHOW ME RURAL JOBS ACT

SPONSOR: Redmon

COMMITTEE ACTION: Voted "Do Pass with Amendments" by the Standing Committee on Economic Development and Business Attraction and Retention by a vote of 10 to 1. Voted "Do Pass with HCS" by the Select Committee on Commerce by a vote of 9 to 0.

This bill establishes the Show Me Rural Jobs Act. Beginning October 1, 2016, the Department of Economic Development will accept and review applications for approved investment companies that invest in rural business concerns. In making the determination of whether or not a Missouri business is a rural business concern, the department may consider input from the Missouri Agricultural and Small Business Development Authority. Applications must include the amount of growth capital the applicant is seeking and a \$5,000 application fee to be deposited into the newly created "Show Me Rural Jobs Fund" to be used solely for the administration of the Show Me Rural Jobs Act. The bill requires growth capital to be comprised of 60% or less credit-eligible capital contribution and 40% or more cash investments. The bill lists other information that must be included such as evidence that the applicant meets certain criteria and information on the potential benefit to the state. For the credit-eligible capital contributions, each investor must submit an affidavit stating a commitment to make the contribution and the amount.

The department must make an application determination within 30 days of receipt of the application in the order received. The department can approve up to \$166,666,667 in growth capital and up to \$100 million in credit-eligible capital contributions. If the department denies an application for specified reasons the applicant may provide additional information, within 15 days of the denial, to fix any problems identified by the department. Upon approval, the department will provide written notice to the applicant with the amount of growth capital and a tax credit certificate for each investor whose affidavit was attached.

Within 60 days of the notice of approval, the approved investment company can collect the credit-eligible capital contributions from the investors who signed affidavits and one or more cash investments that will compose the remaining amount of growth capital. Within 65 days, the approved investment company will provide the department with documentation that the amounts have been collected. If the company fails to comply, the department shall award lapsed growth capital to each approved investment company that received less than it requested. Any remaining capital may be awarded to newly approved companies.

The bill authorizes a tax credit for taxpayers for capital contributions to an approved investment company. The tax credit cannot be refunded, transferred, or sold, but can be allocated to an affiliate or carried forward up to five years. The taxpayer may claim up to 20% of the credit for each year after July 1, 2018. The total amount of tax credits authorized cannot exceed \$20 million annually.

The department shall revoke tax credit certificates issued under this bill, as specified, depending on the approved investment company's actions. The department must provide notice to the approved investment company before revoking the tax credit certificates and the company has 90 days to correct any violations. If the tax credit certificates are revoked, they no longer count toward the limits above and may be reallocated. After five years an approved investment company may leave the program. If state and local tax revenues fall short of the amount anticipated in the application, the state may recover a percentage of the distributions.

Each approved investment company must submit a report to the departments of Agriculture and Economic Development roughly two years after it collects the total growth investment and annually thereafter each April.

The bill will sunset six years after the effective date.

This bill is similar to SB 885 (2016).

PROPOSERS: Supporters say that the bill will help address the economic disparity between rural and urban areas of Missouri by encouraging and rewarding capital funds that invest in rural Missouri. Supporters also say that the bill can help people, who would otherwise go to more urban areas to finance their business endeavors, stay in rural areas.

Testifying for the bill were Representative Redmon; Advantage Capital Partners; Missouri Chamber Of Commerce And Industry; Missouri Cattlemen's Association; Missouri Farm Bureau; Missouri Municipal League; Association Of Missouri Electric Cooperatives; Missouri Corn Growers Association; Missouri Biotechnology Association; Nancy Gibler, Central Electric Power Company; Missouri Soybean Association; and the Missouri Pork Association.

OPPOSERS: There was no opposition voiced to the committee.