HB 1236 -- RURAL WORKFORCE DEVELOPMENT INCENTIVES

SPONSOR: Eggleston

This bill establishes the "Missouri Rural Workforce Development Act," which provides a tax credit for certain investments made in businesses located in rural areas in this state.

This bill allows investors to make capital investments in a rural fund, as defined in the bill. Such investors must be allowed a tax credit for a period of six years beginning with the year the investor made a capital investment. The tax credit will be equal to a percentage of the capital investment. The percentage will be zero for the first two years, and 15% for the subsequent four years. Tax credits issued in the bill will not be refundable or sellable, but may be carried forward to subsequent tax years, as described in the bill.

A rural fund wishing to accept investments as capital investments must apply to the Department of Economic Development. The application will include the amount of capital investment requested, a copy of the applicant's license as a rural business or small business investment company, evidence that the applicant has made at least $100 million in investments in nonpublic companies located in rural areas throughout the United States, and a business plan that includes a revenue impact statement projecting state and local tax revenue to be generated by the applicant's proposed qualified investments, as described in the bill. The rural fund will also submit a nonrefundable application fee of $5,000.

The department must grant or deny an application within 30 days of receipt. The department will deny an application if the application is incomplete or insufficient, or if the revenue impact assessment does not demonstrate that the business plan will result in a positive economic impact on the state over a 10 year period.

Rural funds must use capital investments made by investors to make qualified investments, as defined in the bill, in eligible businesses. Eligible businesses are businesses that, at the time of the qualified investment, have fewer than 250 employees and is located in either an opportunity zone, as defined under federal law, or in a rural area in the state, defined as any county with a population of less than 100,000.

The department may recapture tax credits if the rural fund does not invest 60% of its capital investment authority in qualified investments within two years of the date of the capital investment, and 100% of its capital investment authority within three years, or if the rural fund fails to maintain qualified investments equal to

90% of its capital investment authority in years three through six, as described in the bill.

Rural funds must submit annual reports to the department, including the location of each eligible business receiving a qualified investment, the number of jobs created and jobs retained as a result of qualified investments, the average salary of such jobs, and any other information required by the department, as described in the bill.

At any time after the sixth anniversary of the capital investment, a rural fund may exit the program if the fund has satisfied the job creation and retention requirements. A rural fund not meeting such job creation and retention requirements may exit the program upon the payment of a penalty, which will be calculated as described in the bill.

This bill is the same as SB 477 (2019) and HB 1230 (2019).