

HCS HB 1695 -- MANUFACTURING ENHANCEMENT ZONES

SPONSOR: Black (137)

COMMITTEE ACTION: Voted "Do Pass with HCS" by the Standing Committee on Economic Development by a vote of 14 to 0. Voted "Do Pass" by the Standing Committee on Rules- Legislative Oversight by a vote of 8 to 2.

The following is a summary of the House Committee Substitute for HB 1695.

This bill establishes the "Targeted Industrial Manufacturing Enhancement Zones Act".

This bill allows any two or more contiguous or overlapping political subdivisions, as defined in the bill, to create one or more targeted industrial manufacturing enhancement (TIME) zones, which will be political subdivisions of the state, for the purpose of completing infrastructure projects to promote economic development. Prior to the creation of a TIME zone, each political subdivision must propose an ordinance or resolution that sets forth the names of the political subdivisions which will form the zone, the general nature of the proposed improvements, the estimated cost of such improvements, the boundaries of the proposed TIME zone, and the estimated number of new jobs to be created in the TIME zone. The political subdivisions must hear and pass upon all objections to the TIME zone and the proposed improvements, if any, and may amend the proposed improvements and the plans and specifications.

This bill allows the zone board governing the TIME zone to retain 25% of withholding taxes on new jobs created within the TIME zone to fund improvements made in the TIME zone. These moneys shall be deposited into the newly created "TIME Zone Fund", as specified in the bill. Prior to retaining such withholding taxes, the zone board will enter into an agreement with the Department of Economic Development. Such agreement will specify the estimated number of new jobs to be created, the estimated average wage of new jobs to be created, the estimated net fiscal impact of the new jobs, the estimated costs of improvements, and the estimated amount of withholding tax to be retained over the period of the agreement. The department will not approve an agreement unless the zone board commits to the creation of a certain number of new jobs, as described in the bill.

The term of such agreement will not exceed 10 years. A zone board may apply to the Department of Economic Development for approval to renew any agreement. In determining whether to approve the renewal of an agreement, the department will consider the number of new

jobs created and the average wage and net fiscal impact of such new jobs, and the outstanding improvements to be made within the TIME zone, the funding necessary to complete such improvements, and any other factor the Department requires. The department may approve the renewal of an agreement for a period not to exceed 10 years. If a zone board has not met the new job creation requirements by the end of the agreement, the department will recapture the withholding taxes retained by the zone board.

The zone board must submit an annual report to the Department of Economic Development and to the General Assembly by December 31st of each year. The content of the report is specified the bill.

No political subdivision will establish a TIME zone with boundaries that overlap the boundaries of an advanced industrial manufacturing (AIM) zone.

This bill sunsets 6 years after the effective date.

This bill is similar to SCS SB 594 (2020).

The following is a summary of the public testimony from the committee hearing. The testimony was based on the introduced version of the bill.

**PROPONENTS:** Supporters say that the bill will incentivize economic development across the state by allowing municipalities and counties to work together in order to complete infrastructure projects. Additionally, with the Department of Economic Development reviewing and approving projects, job requirements, a sunset clause, and not allowing the Missouri Works program to work in conjunction with a TIME Zone, this bill has necessary oversight.

Testifying for the bill were Representative Black; Missouri Association of Municipal Utilities; Missouri Chamber of Commerce and Industry; Missouri Association of School Administrators; City Utilities of Springfield; and Boone County Missouri.

**OPPONENTS:** There was no opposition voiced to the committee.

**OTHERS:** Others testifying on the bill say that the proposed TIME zones are very similar to both the Missouri Works program and advanced industrial manufacturing zones.

Testifying on the bill was the Missouri Department of Economic Development.