

HCS HB 379 -- WORKFORCE DEVELOPMENT

SPONSOR: Black (137)

COMMITTEE ACTION: Voted "Do Pass with HCS" by the Standing Committee on Economic Development by a vote of 9 to 0.

The following is a summary of the House Committee Substitute for HB 379.

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

The bill allows any two or more contiguous or overlapping political subdivisions, as defined in the bill, to create Targeted Industrial Manufacturing Enhancement (TIME) zones 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 hold a public hearing prior to approving the ordinance or resolution creating the TIME zone.

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. Prior to retaining such withholding taxes, the Zone Board must enter into an agreement with the Department of Economic Development. The agreement must include 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 and to the General Assembly, as described in the bill.

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

The total amount of withholding taxes retained by TIME zones under this bill must not exceed \$5 million per year.

No new TIME zone will be created after August 28, 2024.

This bill similar to SB 174 (2021) and HB 1695 (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 this will assist local government economic development efforts and will attract new jobs. This bill creates a program similar to AIM Zones, currently in law, but has a lower rate of retention of withholding taxes and assists political subdivisions without a port.

Testifying for the bill were Representative Black; City Utilities of Springfield; Springfield Area Chamber of Commerce; Missouri Realtors; and Missouri Chamber of Commerce.

OPPONENTS: Those who oppose the bill submitted online witness statements.

Testifying against the bill was Arnie Dienoff.

Written testimony has been submitted for this bill. The full written testimony can be found under Testimony on the bill page on the House website.