

SS SCS SB 672 -- WORKFORCE DEVELOPMENT

SPONSOR: Hough (Fitzwater)

COMMITTEE ACTION: Voted "Do Pass" by the Standing Committee on Economic Development by a vote of 9 to 0. Voted "Do Pass" by the Standing Committee on Rules- Legislative Oversight by a vote of 7 to 2 with 1 voting Present.

This bill modifies provisions relating to workforce development.

JOINT COMMITTEE ON RURAL ECONOMIC DEVELOPMENT

This bill establishes the Joint Committee on Rural Economic Development, which shall be composed of five members of the Senate to be appointed by the President Pro Tem, no more than three of which shall be from the majority party, and five members of the House of Representatives to be appointed by the Speaker of the House of Representatives, no more than three of which shall be from the majority party. The Committee shall investigate and examine issues relating to the economic development of rural areas of the state, as described in the bill. The Committee may submit a report of its activities to the General Assembly, which shall include any recommendations for legislative action or administrative and procedural changes (Section 21.915, RSMo).

This provision of the bill is the same as SB 705 (2022).

FAST TRACK WORKFORCE INCENTIVE GRANT

This bill modifies provisions relating to the Fast Track Workforce Incentive Grant Program.

As defined in the bill, an "eligible student" shall include an individual who is enrolled with an eligible training provider, as such term is defined in the bill.

Occupations relating to eligible apprenticeships are added to the programs of study that the Coordinating Board for Higher Education shall annually review.

Grants shall be awarded in an amount equal to the related educational costs for an eligible apprentice after all other governmental assistance provided for the apprenticeship has been applied.

This bill repeals requirements that the eligible student complete counseling and execute a promissory note in order to be eligible for a grant (Section 173.2553).

Currently, a Fast Track grant is allowed to be converted into a loan if a student fails to meet certain conditions. This bill repeals such ability (Section 173.2554).

These provisions of the bill shall sunset on August 28, 2029.

TARGETED INDUSTRIAL MANUFACTURING ENHANCEMENT ZONES

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 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 shall 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 shall 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 shall enter into an agreement with the Department of Economic Development. Such agreement shall 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 shall 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 shall not exceed 10 years. A zone board may apply to the Department for approval to renew any agreement. In determining whether to approve the renewal of an agreement, the Department shall 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 shall recapture the withholding taxes retained by the zone board.

The zone board shall submit an annual report to the Department and to the General Assembly, as described in the bill.

No political subdivision shall 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 shall not exceed \$5 million per year.

No new TIME zone shall be created after August 28, 2025 (Section 620.2250).

This provision of the bill is the same as HB 1685 (2022).

PROPOSERS: Supporters say that this bill extends the sunset and broadens the scope of the Fast Track Workforce Incentive Grant Program. This is an important program to the state for developing a skill workforce and the program's utilization has been increasing in recent years. The Fast Track Workforce Program is an important program for adult learners and assists individuals earn a higher salary upon completion of their training. Additionally, females use the program at a high rate.

Supporters also say that the TIME Zone portion of the bill would be a great benefit to economic development and the state's political subdivisions.

Additionally, supporters say that the Joint Committee on Rural Economic Development is a result of the state needing to look at economic development issues and opportunities in rural areas.

Testifying for the bill were Senator Hough; Economic Development Corporation of Kansas City, Mo; Missouri Economic Development Financing Association; Branson Lakes Area Chamber of Commerce; Ambulance District Association of Missouri; Missouri Ambulance Association; University of Central Missouri; Missouri State University; Western Governors University; Kansas City Chamber of Commerce; United Women's Empowerment; Missouri Chamber of Commerce and Industry; and the American Institute of Architects of Missouri.

OPPOSERS: Those who oppose the bill submitted online testimony.

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.