

FIRST REGULAR SESSION

HOUSE BILL NO. 1168

103RD GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVE KNIGHT.

2588H.011

JOSEPH ENGLER, Chief Clerk

AN ACT

To repeal section 620.2010, RSMo, and to enact in lieu thereof one new section relating to financial incentives for business development.

Be it enacted by the General Assembly of the state of Missouri, as follows:

Section A. Section 620.2010, RSMo, is repealed and one new section enacted in lieu thereof, to be known as section 620.2010, to read as follows:

620.2010. 1. In exchange for the consideration provided by the new tax revenues and other economic stimuli that will be generated by the new jobs created, a qualified company may, for a period of five years from the date the new jobs are created, or for a period of six years from the date the new jobs are created if the qualified company is an existing Missouri business, retain an amount equal to the withholding tax as calculated under subdivision (38) of section 620.2005 from the new jobs that would otherwise be withheld and remitted by the qualified company under the provisions of sections 143.191 to 143.265 if:

(1) The qualified company creates ten or more new jobs, and the average wage of the new payroll equals or exceeds ninety percent of the county average wage;

(2) The qualified company creates two or more new jobs at a project facility located in a rural area, the average wage of the new payroll equals or exceeds ninety percent of the county average wage, and the qualified company commits to making at least one hundred thousand dollars of new capital investment at the project facility within two years; or

(3) The qualified company creates two or more new jobs at a project facility located within a zone designated under sections 135.950 to 135.963, the average wage of the new payroll equals or exceeds eighty percent of the county average wage, and the qualified

EXPLANATION — Matter enclosed in bold-faced brackets **[thus]** in the above bill is not enacted and is intended to be omitted from the law. Matter in **bold-face** type in the above bill is proposed language.

17 company commits to making at least one hundred thousand dollars in new capital investment
18 at the project facility within two years of approval.

19 2. In addition to any benefits available under subsection 1 of this section, the
20 department may award a qualified company that satisfies subdivision (1) of subsection 1 of
21 this section additional tax credits, issued each year for a period of five years from the date the
22 new jobs are created, or for a period of six years from the date the new jobs are created if the
23 qualified company is an existing Missouri business, in an amount equal to or less than six
24 percent of new payroll; provided that in no event may the total amount of benefits awarded to
25 a qualified company under this section exceed nine percent of new payroll in any calendar
26 year. The amount of tax credits awarded to a qualified company under this subsection shall
27 not exceed the projected net fiscal benefit to the state, as determined by the department, and
28 shall not exceed the least amount necessary to obtain the qualified company's commitment to
29 initiate the project. In determining the amount of tax credits to award to a qualified company
30 under this subsection or a qualified manufacturing company under subsection 3 of this
31 section, the department shall consider the following factors:

32 (1) The significance of the qualified company's need for program benefits;

33 (2) The amount of projected net fiscal benefit to the state of the project and the period
34 in which the state would realize such net fiscal benefit;

35 (3) The overall size and quality of the proposed project, including the number of new
36 jobs, new capital investment, manufacturing capital investment, proposed wages, growth
37 potential of the qualified company, the potential multiplier effect of the project, and similar
38 factors;

39 (4) The financial stability and creditworthiness of the qualified company;

40 (5) The level of economic distress in the area;

41 (6) An evaluation of the competitiveness of alternative locations for the project
42 facility, as applicable; and

43 (7) The percent of local incentives committed.

44 3. (1) The department may award tax credits to a qualified manufacturing company
45 that makes a manufacturing capital investment of at least five hundred million dollars not
46 more than three years following the department's approval of a notice of intent and the
47 execution of an agreement that meets the requirements of subsection 4 of this section. Such
48 tax credits shall be issued no earlier than January 1, 2023, and may be issued each year for a
49 period of five years. A qualified manufacturing company may qualify for an additional five-
50 year period under this subsection if it makes an additional manufacturing capital investment
51 of at least two hundred fifty million dollars within five years of the department's approval of
52 the original notice of intent.

53 (2) The maximum amount of tax credits that any one qualified manufacturing
54 company may receive under this subsection shall not exceed five million dollars per calendar
55 year. The aggregate amount of tax credits awarded to all qualified manufacturing companies
56 under this subsection shall not exceed ten million dollars per calendar year.

57 (3) If, at the project facility at any time during the project period, the qualified
58 manufacturing company discontinues the manufacturing of the new product, or discontinues
59 the modification or expansion of an existing product, and does not replace it with a
60 subsequent or additional new product or with a modification or expansion of an existing
61 product, the company shall immediately cease receiving any benefit awarded under this
62 subsection for the remainder of the project period and shall forfeit all rights to retain or
63 receive any benefit awarded under this subsection for the remainder of such period.

64 (4) Notwithstanding any other provision of law to the contrary, any qualified
65 manufacturing company that is awarded benefits under this section shall not simultaneously
66 receive tax credits or exemptions under sections 100.700 to 100.850 for the jobs created or
67 retained or capital improvement that qualified for benefits under this section. The provisions
68 of subsection 5 of section 285.530 shall not apply to a qualified manufacturing company that
69 is awarded benefits under this section.

70 4. Upon approval of a notice of intent to receive tax credits under subsection 2, 3, 6,
71 or 7 of this section, the department and the qualified company shall enter into a written
72 agreement covering the applicable project period. The agreement shall specify, at a
73 minimum:

74 (1) The committed number of new jobs, new payroll, and new capital investment, or
75 the manufacturing capital investment and committed percentage of retained jobs for each year
76 during the project period;

77 (2) The date or time period during which the tax credits shall be issued, which may be
78 immediately or over a period not to exceed two years from the date of approval of the notice
79 of intent;

80 (3) Clawback provisions, as may be required by the department;

81 (4) Financial guarantee provisions as may be required by the department, provided
82 that financial guarantee provisions shall be required by the department for tax credits awarded
83 under subsection 7 of this section; and

84 (5) Any other provisions the department may require.

85 5. In lieu of the benefits available under subsections 1 and 2 of this section, and in
86 exchange for the consideration provided by the new tax revenues and other economic stimuli
87 that will be generated by the new jobs created by the program, a qualified company may, for a
88 period of five years from the date the new jobs are created, or for a period of six years from
89 the date the new jobs are created if the qualified company is an existing Missouri business,

90 retain an amount equal to the withholding tax as calculated under subdivision (38) of section
91 620.2005 from the new jobs that would otherwise be withheld and remitted by the qualified
92 company under the provisions of sections 143.191 to 143.265 equal to:

93 (1) Six percent of new payroll for a period of five years from the date the required
94 number of new jobs were created if the qualified company creates one hundred or more new
95 jobs and the average wage of the new payroll equals or exceeds one hundred twenty percent
96 of the county average wage of the county in which the project facility is located; or

97 (2) Seven percent of new payroll for a period of five years from the date the required
98 number of jobs were created if the qualified company creates one hundred or more new jobs
99 and the average wage of the new payroll equals or exceeds one hundred forty percent of the
100 county average wage of the county in which the project facility is located.

101

102 The department shall issue a refundable tax credit for any difference between the amount of
103 benefit allowed under this subsection and the amount of withholding tax retained by the
104 company, in the event the withholding tax is not sufficient to provide the entire amount of
105 benefit due to the qualified company under this subsection.

106 6. In addition to the benefits available under subsection 5 of this section, the
107 department may award a qualified company that satisfies the provisions of subsection 5 of
108 this section additional tax credits, issued each year for a period of five years from the date the
109 new jobs are created, or for a period of six years from the date the new jobs are created if the
110 qualified company is an existing Missouri business, in an amount equal to or less than three
111 percent of new payroll; provided that in no event may the total amount of benefits awarded to
112 a qualified company under this section exceed nine percent of new payroll in any calendar
113 year. The amount of tax credits awarded to a qualified company under this subsection shall
114 not exceed the projected net fiscal benefit to the state, as determined by the department, and
115 shall not exceed the least amount necessary to obtain the qualified company's commitment to
116 initiate the project. In determining the amount of tax credits to award to a qualified company
117 under this subsection, the department shall consider the factors provided under subsection 2
118 of this section.

119 7. In lieu of the benefits available under subsections 1, 2, 5, and 6 of this section, and
120 in exchange for the consideration provided by the new tax revenues and other economic
121 stimuli that will be generated by the new jobs and new capital investment created by the
122 program, the department may award a qualified company that satisfies the provisions of
123 subdivision (1) of subsection 1 of this section tax credits, issued within one year following the
124 qualified company's acceptance of the department's proposal for benefits, in an amount equal
125 to or less than nine percent of new payroll. The amount of tax credits awarded to a qualified
126 company under this subsection shall not exceed the projected net fiscal benefit to the state, as

127 determined by the department, and shall not exceed the least amount necessary to obtain the
128 qualified company's commitment to initiate the project. In determining the amount of tax
129 credits to award to a qualified company under this subsection, the department shall consider
130 the factors provided under subsection 2 of this section and the qualified company's
131 commitment to new capital investment and new job creation within the state for a period of
132 not less than ten years. For the purposes of this subsection, each qualified company shall
133 have an average wage of the new payroll that equals or exceeds one hundred percent of the
134 county average wage. Notwithstanding the provisions of section 620.2020 to the contrary,
135 this subsection shall expire on June 30, ~~2025~~ **2031**.

136 8. No benefits shall be available under this section for any qualified company that has
137 performed significant, project-specific site work at the project facility, purchased machinery
138 or equipment related to the project, or has publicly announced its intention to make new
139 capital investment or manufacturing capital investment at the project facility prior to receipt
140 of a proposal for benefits under this section or approval of its notice of intent, whichever
141 occurs first.

142 9. In lieu of any other benefits under this chapter, the department of economic
143 development may award a tax credit to an industrial development authority for a qualified
144 military project in an amount equal to the estimated withholding taxes associated with the
145 part-time and full-time civilian and military new jobs located at the facility and directly
146 impacted by the project. The amount of the tax credit shall be calculated by multiplying:

147 (1) The average percentage of tax withheld, as provided by the department of revenue
148 to the department of economic development;

149 (2) The average salaries of the jobs directly created by the qualified military project;
150 and

151 (3) The number of jobs directly created by the qualified military project.
152

153 If the amount of the tax credit represents the least amount necessary to accomplish the
154 qualified military project, the tax credits may be issued, but no tax credits shall be issued for a
155 term longer than fifteen years. No qualified military project shall be eligible for tax credits
156 under this subsection unless the department of economic development determines the
157 qualified military project shall achieve a net positive fiscal impact to the state.

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