

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 6081H.011
 Bill No.: HB 2654
 Subject: Economic Development; Tax Credits; Business and Commerce
 Type: Original
 Date: February 9, 2026

Bill Summary: This proposal creates tax credits for certain capital investments.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND

FUND AFFECTED	FY 2027	FY 2028	FY 2029
General Revenue Fund*	(Unknown)	(Unknown)	(Unknown)
Total Estimated Net Effect on General Revenue	(Unknown)	(Unknown)	(Unknown)

*The changes in the legislation could increase utilization of the Missouri Works Program. Oversight notes that if this proposal resulted in one company being authorized to receive \$1,250,000 in tax credits under §620.2012, the impact from this proposal could result in a loss greater than the \$250,000 threshold.

ESTIMATED NET EFFECT ON OTHER STATE FUNDS

FUND AFFECTED	FY 2027	FY 2028	FY 2029
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS

FUND AFFECTED	FY 2027	FY 2028	FY 2029
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)

FUND AFFECTED	FY 2027	FY 2028	FY 2029
Total Estimated Net Effect on FTE	0	0	0

- Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.
- Estimated Net Effect (savings or increased revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS

FUND AFFECTED	FY 2027	FY 2028	FY 2029
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

§620.2012 - Tax Credit for Certain Capital Investments

Officials from the **Department of Revenue (DOR)** assume this proposal allows a qualified company to file a notice of intent to state they will expend \$50 million in new capital investment. If approved, they would receive a tax credit equal to 2.5% of the new capital investment (\$1.25 million on every \$50 million investment).

This proposal says the amount of credits that can be authorized in a fiscal year is included in and subject to the limitations on maximum amount of credits allowed per Section 620.2020.7, which is the MO Works program. MO Works currently has an annual cap of \$126 million with \$10 million reserved for car manufacturers and \$10 million reserved for military jobs. For informational purposes, DOR is providing the amount of MO Works that have been authorized, issued and redeemed since the program began.

Year	Authorized	Issued	Total Redeemed
FY 2025	\$67,385,335.00	\$157,378,167.03	\$91,848,974.59
FY 2024	\$80,281,795.00	\$101,742,273.72	\$114,459,428.58
FY 2023	\$58,234,898.00	\$139,364,971.66	\$100,419,077.97
FY 2022	\$80,498,453.00	\$131,465,595.90	\$134,716,930.11
FY 2021	\$230,661,649.74	\$112,293,173.91	\$100,393,655.20
FY 2020	\$153,823,786.33	\$134,393,278.36	\$113,472,125.29
FY 2019	\$100,482,945.49	\$82,326,471.67	\$64,786,980.04
FY 2018	\$185,732,973.08	\$45,830,250.31	\$56,398,908.94
FY 2017	\$155,506,188.16	\$35,547,214.37	\$35,065,682.60
FY 2016	\$114,719,436.24	\$23,741,677.22	\$12,075,788.82
FY 2015	\$289,578,581.00	\$3,588,784.56	\$3,588,784.56
FY 2014	\$116,445,144.00	\$146,923.00	\$146,923.00
FY 2013	\$0.00	\$0.00	\$0.00
FY 2012	\$0.00	\$0.00	\$0.00

This program does have clawback provisions should the full amount of investment not be made. However, it does not have a sunset clause.

DOR notes this new capital investment credit is being made part of the MO Works program. Since MO Works already has a cap no additional revenue loss is expected other than what is allowed by the MO Works cap.

DOR will need to update our MO-TC form at a cost of \$2,200 as well as update their website and computer program at a cost of \$1,887 to include this new credit.

Oversight assumes DOR is provided with core funding to handle a certain amount of activity each year. Oversight assumes DOR could absorb the costs related to this proposal. If multiple bills pass which require additional staffing and duties at substantial costs, DOR could request funding through the appropriation process.

Officials from the **Office of Administration – Budget & Planning (B&P)** assume §620.2012 creates a capital investment tax credit within the Missouri Works (MO Works) Program. However, this change does not increase the MO Works tax credit cap. Therefore, there is no direct fiscal impact on GR or TSR.

Officials from the **Department of Economic Development, Joint Committee on Administrative Rules, Office of the Secretary of State, and Oversight Office** each assume the proposal will have no fiscal impact on their organization. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these respective agencies.

Oversight notes that this proposal allows a qualified company that expends at least fifty million dollars in new capital investment, and meet additional criteria under the proposal, to receive a tax credit totaling up to 2.5% of its investment (or total of \$1,250,000).

Oversight notes that the maximum cap under the MO Works program was not fully utilized between fiscal years 2022 and 2025. Oversight assumes this proposal could increase the utilization of the tax credit program. Therefore, Oversight will reflect the cost to the MO Works program stemming from this provision which adds a new group of newly eligible qualified companies.

Oversight notes that if this proposal resulted in one company being authorized to receive \$1,250,000 in tax credits under §620.2012, the impact from this proposal could result in a loss greater than the \$250,000 threshold.

<u>FISCAL IMPACT – State Government</u>	FY 2027 (10 Mo.)	FY 2028	FY 2029
GENERAL REVENUE FUND			
Cost – (§620.2012) – potential increase in retained withholdings	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
ESTIMATED NET EFFECT TO GENERAL REVENUE FUND	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2027 (10 Mo.)	FY 2028	FY 2029
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT – Small Business

A direct fiscal impact on small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

The Missouri Works program is currently authorized to provide various incentives for the creation and retention of new and existing jobs. This bill authorizes the Department of Economic Development to issue tax credits to qualified companies that expend at least \$50 million in new capital investments for a project within two years of submitting a notice of intent with the Department.

The Department must respond to a notice of intent within 30 days, provided that a failure to respond within 30 days must not be construed as an approval of a notice of intent.

Tax credits authorized by the bill must not exceed 2.5% of the new capital investment made during the three-year period from the notice of intent. Tax credits authorized by the bill must count toward the maximum amount of Missouri Works incentives allowed in a fiscal year, as provided under current law.

The amount of tax credits proposed and awarded to a qualified company must not exceed the least amount necessary to obtain the qualified company's commitment to initiate the project.

A qualified company receiving benefits provided in this bill must provide an annual report that includes certain information, detailed in the bill, to the Department.

Any qualified company that receives benefits provided in this bill must not simultaneously receive benefits from the New or Expanded Business Facility Tax Credit or certain benefits provided in the Missouri Works Program for the same jobs, wages, or new capital investments that qualified the company for the tax credits in this bill.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

L.R. No. 6081H.011

Bill No. HB 2654

Page 6 of 6

February 9, 2026

SOURCES OF INFORMATION

Department of Revenue
Office of Administration – Budget & Planning
Office of the Secretary of State
Joint Committee on Administrative Rules
Oversight Division
Department of Economic Development

Julie Morff
Director

A handwritten signature in black ink, appearing to read "Jessica Harris".

Jessica Harris
Assistant Director
February 9, 2026