

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 6648H.011
 Bill No.: HB 3027
 Subject: Energy; Economic Development
 Type: Original
 Date: March 10, 2026

Bill Summary: This proposal establishes the Missouri Defense and Energy Independence Act.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND

FUND AFFECTED	FY 2027	FY 2028	FY 2029
General Revenue*	Up to (\$14,172,797)	Could exceed (\$45,386,720)	Could exceed (\$45,398,416)
Total Estimated Net Effect on General Revenue	Up to (\$14,172,797)	Could exceed (\$45,386,720)	Could exceed (\$45,398,416)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS

FUND AFFECTED	FY 2027**	FY 2028	FY 2029
Grants for Independence from Foreign Influence Fund*	\$0	\$0	\$0
Conservation Commission Fund (1609)	Up to (\$147,507)	Up to (\$196,676)	Up to (\$196,676)
Park. Soil & Water Sales Tax Fund (1613 & 1614)	Up to (\$118,006)	Up to (\$157,341)	Up to (\$157,341)
School District Fund(1688)	Up to (\$1,180,059)	Up to (\$1,573,412)	Up to (\$1,573,412)
Total Estimated Net Effect on <u>Other</u> State Funds	Up to (\$1,445,572)	Up to (\$1,927,429)	Up to (\$1,927,429)

*Oversight assumes the fund will net to zero. Numbers within parentheses: () indicate costs or losses. **Oversight notes that the fiscal impact for FY2027 is lesser because FY2027 is a partial year (9 months).

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
General Revenue	5 FTE	5 FTE	5 FTE
Total Estimated Net Effect on FTE	5 FTE	5 FTE	5 FTE

- 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	Up to (\$5,546,277)	Up to (\$7,395,036)	Up to (\$7,395,036)

*Oversight notes the fiscal impact for FY2027 is lesser because FY2027 is a partial year (9 months).

FISCAL ANALYSIS

ASSUMPTION

§144.054 – Manufacturing Sales Tax Exemption

In response to similar legislation, SB 1553 (2026), officials from the **Office of Administration – Budget & Planning (B&P)** noted:

This proposal would exempt all items used in the production of “critical materials” and “critical pharmaceuticals”. Such items include electricity / gas, chemicals, machinery and equipment, and any other materials used directly in production.

To determine a potential impact from this provision, B&P utilized the federal list of NAICS codes related to critical minerals and pharmaceuticals. B&P then used industry data to gather NAICS codes for other industries that support the ones on the critical lists.

B&P utilized 2024 taxable use sales data for the industries on the critical lists and 2024 taxable sales data for the related support industries. B&P then used additional industry data to limit the taxable sales reports to only include sales to the critical industry list.

B&P estimates that this provision could reduce GR by \$4,720,235 annually. This provision could also reduce local sales tax collections by \$7,395,036 annually.

Table 3: Estimated Impact by Fund:

<u>State Funds</u>	2027	2028+
General Revenue	(\$3,540,176)	(\$4,720,235)
Education (SDTF)	(\$3,540,176)	(\$4,720,235)
Conservation	(\$3,540,176)	(\$4,720,235)
DNR	(\$3,540,176)	(\$4,720,235)
Total State Impact	(\$14,160,704)	(\$18,880,940)

<u>Local Funds</u>	2027	2028+
Local Sales Taxes	(\$5,546,278)	(\$7,395,036)

Upon further inquiry, **B&P** clarified DOR’s number is the lowest end of potential loss. DOR and B&P use DOR’s use tax reports for what B&P anticipates will be qualifying NAICS codes.

Use tax is what the qualifying businesses pay for items to out-of-state vendors. Assuming all those businesses qualify, this is a for sure amount that will be lost.

Additionally, B&P was able to gather additional information in industry-to-industry sales. B&P then applied that information to DOR’s sales tax report. This would capture what qualifying businesses pay to in-state vendors.

Officials from the **Department of Revenue (DOR)** assume this proposal would expand the manufacturing exemption and the utility exemption to include the manufacture of critical materials and pharmaceuticals. Definitions of critical materials and critical pharmaceuticals are added to the statute.

DOR notes this is a state and local sales and use tax exemption. For fiscal notes purposes, DOR uses a 4.7% local tax rate for providing fiscal note estimates. This sales and use tax exemption would become effective August 28, 2026. Sales/Use tax is remitted one month behind collection and therefore there will be just 9 months of lost revenue in FY 2027.

DOR asks that businesses when registering report their NAIC code. Using information from the businesses that may be eligible for this exemption DOR was able to determine that, in CY 2025, the businesses reported taxable sales of \$11,967,125. DOR notes that some businesses may come in and report they operate under these NAIC codes in the future, but for the fiscal note purposes only, DOR will assume only the currently registered will be eligible for this tax exemption.

This is the loss estimated.

	FY 2027	FY 2028
General Revenue	Could exceed (\$269,261)	Could exceed (\$359,014)
School District	Could exceed (\$89,753)	Could exceed (\$119,671)
Conservation	Could exceed (\$11,219)	Could exceed (\$14,959)
Park, Soil & Water	Could exceed (\$8,975)	Could exceed (\$11,967)
TSR	Could exceed (\$379,208)	Could exceed (\$505,611)

	FY 2027	FY 2028
Local	Could exceed (\$421,841)	Could exceed (\$562,455)

DOR will need to modify our sales tax reporting form (\$2,200) and update our 4 sales tax collect and distribution systems (\$7,547 each).

Oversight notes DOR assume the proposal will have a direct fiscal impact on their organization due to the necessary updates of Department’s website and forms. Oversight does not have any

information to the contrary. Therefore, Oversight will reflect the ITSD impact in the fiscal note for this agency.

Oversight notes that B&P's estimates for the fiscal impact are higher than those presented by the DOR. Oversight notes that B&P uses DOR's baseline data and adds additional in-state purchases to establish the total amount of potential sales tax collection. Therefore, Oversight will reflect B&P's estimated impact as Up to the totals provided within the B&P Table 3, in the fiscal note beginning FY 2027 for 9 months.

Oversight notes this proposal would exempt sales tax on certain manufacturing and pharmaceutical goods, beginning August 28, 2026. Additionally, Oversight notes that currently the state tax rate is 4.225%; with 3% going to General Revenue Fund, 1% going to the School District Trust Fund, 0.125% going to Conservation, and 0.1% going to the Parks, Soil and Water Funds. Therefore, Oversight will reflect the estimated impact as Up to the amount provided by B&P to all aforementioned funds in the fiscal note, beginning FY 2027.

Lastly, Oversight will reflect the estimated impact as Up to the amount provided by B&P's for local political subdivisions, using 4.7% local tax rate, for purpose of this fiscal note, beginning FY 2027.

§620.1641 – Critical Manufacturing Tax Credit and Grants for Independence from Foreign Influence Fund

In response to similar legislation, SB 1553 (2026), officials from the **B&P** noted:

This provision would grant a tax credit for qualifying companies involved in critical mineral or pharmaceutical manufacturing. Beginning tax year 2027, qualifying companies making \$5 million or more in project investments may claim a tax credit for qualifying costs. For companies investing \$5 million to \$15 million, the credit shall be 20% of total costs. For companies investing \$15 million or more, the credit shall be 25% of total costs. These tax credits are not refundable but may be carried forward 10 years. The tax credits may also be transferred, sold, or assigned. No more than \$40 million in tax credits may be authorized each fiscal year.

This provision would also create a new "Grants for Independence from Foreign Influence Fund". The general assembly is required to appropriate at least \$10 million to the fund. B&P notes that this language does not specify when the appropriation should occur or if the appropriation should occur one time or annually. Monies in the funds shall be used by qualifying companies for their project costs. A qualifying company may receive up to \$500,000 per grant. B&P notes that this provision would allow qualifying companies to receive \$500,000 in state grants and use that \$500,000 to claim state tax credits. Thus, giving companies a total state subsidy of \$600,000 (\$500,000 grant x 20% tax credit) to \$625,000 (\$500,000 grant x 25% tax credit) per full grant awarded.

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The grant and tax credit shall sunset December 31, 2036.

Officials from the **DOR** note:

Tax Credit Program

This provision creates a tax credit program starting January 1, 2027, for qualified companies. The qualified taxpayer is a company that incurs costs for the construction, expansion or conversion of their facilities to produce critical materials or critical pharmaceuticals. In order to qualify for this credit, the company must have more than \$5 million in qualified project costs.

The tax credit will be equal to a percentage of the project costs:

Project Cost	Percent of Credit	Credit Amount
\$5,000,000 <\$15,000,000	20%	\$1,000,000 <\$3,000,000
More than \$15,000,000	25%	\$3,750,000 or more

This credit has an annual cap of \$40 million per tax year. The credits are not refundable, can be carried forward up to 10 years, and can be sold, or transferred. If the amount of tax credits claimed in a tax year under this section exceeds forty million dollars, tax credits shall be allowed based on the order in which they are claimed.

This will first impact the state in FY 2028, when the first tax returns are submitted claiming the credit. The loss to general revenue annually will be:

Fiscal Year	Loss to General Revenue
2027	\$0
2028	(\$40,000,000)
2029+	(\$40,000,000)

This credit is to sunset six years after the effective date.

This proposal creates a new tax credit that would require a new line being added to the Form MO-TC (\$2,200), updates to our website and changes to our individual income tax computer system (\$1,887). These changes are estimated to cost \$4,087. DOR's existing tax credit staff is no longer able to take on any additional tax credits without additional

This proposal creates a new tax credit that would require a new line being added to the Form MO-TC (\$2,200), updates to the Department's website and changes to individual income tax computer system (\$1,887). These changes are estimated to cost \$4,087. DOR's existing tax credit staff is no longer able to take on any additional tax credits without additional resources. Due to the intensive knowledge of credits that is needed DOR is not able to use temporary staff to help with processing these returns. This proposal would require at least 1 FTE Associate Customer Service Representative at a salary of \$42,953(salary plus years of service pay).

Oversight notes the officials from the DOR assume the proposal will have a direct fiscal impact on their organization. Oversight does not have any information to the contrary. Therefore, Oversight will reflect cost to the general revenue for (1) FTE at \$42,593 (with applicable E&E) annually, in the fiscal note.

Oversight notes that §620.1641.3. allows for cumulative amount of tax credit not exceeding \$40 million annually, beginning FY January 1, 2027. Therefore, Oversight will reflect up to the full amount of tax credit allotted under this proposal, as of FY 2028 (filing of tax for TY 2027).

Grant Program

DOR notes that this provision creates a new state fund that shall consist of at least \$10 million to be used to provide grants for companies that qualify to convert their facility to being independent from foreign influence. The \$10 million is to be appropriated by the General Assembly. For purposes of the fiscal note, DOR will show the one-time \$10 million appropriation in FY 2027.

The Missouri Development Finance Board is to administer the grant. The grant cannot exceed \$500,000 per applicant. The money in the grant is to be used to help convert their facility. This proposal appears to give a grant to a company to do the conversion of their factory and then allows them to use that grant to claim the tax credit.

The grant program will not fiscally impact the Department. The grant program will result in a loss to general revenue of at least \$10 million in FY 2027.

Officials from the **Department of Economic Development (DED)** note:

This legislation enacts a new section in Chapter 620 (620.1641) to be known as the Missouri Defense and Energy Independence Act.

§620.1641.3(1) beginning on or after January 1, 2027, a qualified entity that is a nontraditional defense contractor that incurs qualified costs will be allowed to claim a tax credit against the company's state tax liability. The amount of the tax credit shall be equal to 20% of qualified project costs for qualified companies that incur qualified project costs between \$5,000,000 and \$14,999,999.99, and 25% of qualified project costs for qualified companies that incur qualified project costs of at least \$15,000,000.

§620.1641.3(1)(2) Tax credits are not refundable but may be carried forward for 10 subsequent tax years or until the full amount of the tax credit has been redeemed, whichever occurs first.

§620.1641.3(1)(3) Tax Credits may be transferred, sold, or otherwise assigned by filing a notarized endorsement thereof with the department that names the transferee, the amount of tax credit transferred, and the value received for the credit, as well as any other information reasonably requested by the department. For a qualified company with flow-through tax

treatment to its members, partners, or shareholders, the tax credit shall be allowed to members, partners, or shareholders in proportion to their share of ownership on the last day of the qualified company's tax period.

§620.1641.4 states the cumulative amount of tax credits allowed to all taxpayers under this section shall not exceed \$40 million per tax year. If the amount of tax credits claimed per tax year exceeds \$40 million, the tax credits shall be allowed in the order they are claimed.

§620.1641.6 A fund is created in the state treasury named Grants for Independence from Foreign Influence Fund and shall consist of at least \$10,000,000 dollars appropriated by the general assembly.

§620.1641.6(2) the funds do not revert back to GR if unused at the end of the biennium.

§620.1641.7 states the Department shall develop and implement a grant for independence from foreign influence. The grant will be based on qualified project costs incurred by a qualified company. The grant dollars are subject to appropriation. The department (MDFB) shall not grant award money in excess of \$500,000 per grant application. Moneys granted to a qualified company shall be used solely for qualified project costs incurred before the completion of the project facility.

§620.1641.9 The program will automatically be sunset on December 31, 2036, unless reauthorized by the general assembly.

Oversight does not have any information to the contrary. Therefore, Oversight will reflect the DED's (4) FTE cost \$86,712 annually plus applicable E&E in the fiscal note effective FY 2027.

Oversight notes §620.1641.6(1) establishes Grants for Independence from Foreign Influence Fund", which shall consist of at least ten million dollars appropriated by the general assembly and any gifts, contributions, grants, or bequests received from federal, private, or other sources. Oversight assumes that this is a one-time appropriation from the general assembly. Therefore, Oversight will reflect the cost of up to \$10 million transferring from the general revenue to the Grants for Independence from Foreign Influence Fund in FY 2027.

In addition, Oversight will reflect an unknown amount of revenue gain to the Grants for Independence from Foreign Influence Fund to reflect monies from the donation, bequest, grants and other means of funds in FY 2027.

Lastly, Oversight will reflect a cost to the Grants for Independence from Foreign Influence Fund for grants awarded to the various companies, as per section 620.1641.7(4), beginning FY 2027. Oversight assumes revenue and expenditures will net to zero.

Officials from the **Department of Commerce and Insurance (DCI)** assume a potential unknown decrease of premium tax revenues (up to the tax credit limit established in the bill) in

FY2028 and FY2029 as a result of the creation of tax credit for converting a business to produce certain chemicals, gases, metals, and minerals. Premium tax revenue is split 50/50 between General Revenue and County Foreign Insurance Fund except for domestic Stock Property and Casualty Companies who pay premium tax to the County Stock Fund. The County Foreign Insurance Fund is later distributed to school districts throughout the state. County Stock Funds are later distributed to the school district and county treasurer of the county in which the principal office of the insurer is located. It is unknown how each of these funds may be impacted by tax credits each year and which insurers will qualify for the new tax credit.

There is a potential decrease of up to \$40 million, however, which fund would be affected is determined based on the summaries above. The potential funds affected are General Revenue, the County Stock Insurance Fund, and the County Foreign Insurance Tax Fund.

The department will require minimal contract computer programming to add this new tax credit to the premium tax database and can do so under existing appropriation. However, should multiple bills pass that would require additional updates to the premium tax database, the department may need to request more expense and equipment appropriation through the budget process.

Oversight notes, for purposes of this fiscal note, the fiscal note does not reflect the possibility that some of the tax credits could be utilized against insurance premium taxes. If this occurs, the loss in tax revenue would be split between the General Revenue Fund and the County Foreign Insurance Fund, which ultimately goes to local school districts.

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

The **Oversight Division** is responsible for providing a Sunset Report pursuant to Section 23.253 RSMo; however, Oversight can absorb the cost with the current budget authority.

Officials from the **Office of the State Treasurer, Missouri Department of Transportation, Phelps County Sheriff, Branson Police Department, Kansas City Police Department, and St. Louis County Police Department** 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 agencies.

In response to the similar legislation, SB 1553 (2026), officials from the **Missouri Department of Conservation and Department of Elementary and Secondary Education** each assumed 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 agencies.

Rule Promulgation

In response to similar legislation, SB 1553 (2026), officials from the **Joint Committee on Administrative Rules** assumed this proposal is not anticipated to cause a fiscal impact beyond its current appropriation.

In response to similar legislation, SB 1553 (2026), officials from the **Office of the Secretary of State (SOS)** noted many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to the SOS for Administrative Rules is less than \$5,000. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, the SOS also recognizes that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what the office can sustain with its core budget. Therefore, the SOS reserves the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

<u>FISCAL IMPACT – State Government</u>	FY 2027 (10 Mo.)	FY 2028	FY 2029
GENERAL REVENUE			
<u>Revenue Loss</u> – (§144.054.1(6)) Critical Material and Pharmaceutical Manufacturing Tax Exemption p.3-5	Up to (\$3,540,177)	Up to (\$4,720,237)	Up to (\$4,720,237)
<u>Cost</u> – (§620.1641.3-4) Critical Material and Pharmaceutical Manufacturing Tax Credit p.5-7	\$0	Up to (\$40,000,000)	Up to (\$40,000,000)
<u>Transfer Out</u> – (§620.1641.6 (1)) Into the Grants for Independence from Foreign Influence Fund p.8	Up to (\$10,000,000)	\$0 or (Unknown)	\$0 or (Unknown)
<u>Cost</u> – DOR (§620.1641) p.7			
Personnel Service	(\$35,794)	(\$43,812)	(\$44,688)
Fringe Benefits	(\$28,010)	(\$33,957)	(\$34,310)
Expense & Equipment	(\$27,214)	(\$589)	(\$600)
<u>Total Costs</u> – DOR	<u>(\$91,018)</u>	<u>(\$78,358)</u>	<u>(\$79,598)</u>
FTE Change – DOR	1 FTE	1 FTE	1 FTE
<u>Cost</u> – DED (§620.1641) p.8			
Personnel Service	(\$289,040)	(\$353,785)	(\$360,861)

<u>FISCAL IMPACT – State Government</u>	FY 2027 (10 Mo.)	FY 2028	FY 2029
Fringe Benefits	(\$170,705)	(\$207,636)	(\$210,482)
Expense & Equipment	(\$81,857)	(\$26,704)	(\$27,238)
Total Costs – DED	(\$541,602)	(\$588,125)	(\$598,581)
FTE Change – DED	4 FTE	4 FTE	4 FTE
ESTIMATED NET EFFECT ON GENERAL REVENUE	Up to (\$14,172,797)	Could exceed (\$45,386,720)	Could exceed (\$45,398,416)
Estimated Net FTE Change on General Revenue	5 FTE	5 FTE	5 FTE
GRANTS FOR INDEPENDENCE FROM FOREIGN INFLUENCE FUND			
<u>Transfer In</u> – (§§ 620.1641.6(1)) From General Revenue p.8	Up to \$10,000,000	\$0 or Unknown	\$0 or Unknown
<u>Cost</u> – (§620.1641.7(1)-(4)) Grants awarded to various companies (\$1 million max per company) p.8	Up to (\$10,000,000)	\$0 or (Unknown)	\$0 or (Unknown)
<u>Revenue</u> – (§620.1641.6.) Donations, grants, gifts, bequests, interests, etc. p.8	\$0 or <u>Unknown</u>	\$0 or <u>Unknown</u>	\$0 or <u>Unknown</u>
ESTIMATED NET EFFECT ON GRANTS FOR INDEPENDENCE FROM FOREIGN INFLUENCE FUND	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
SCHOOL DISTRICT TRUST FUND (1688)			
<u>Revenue Loss</u> – (§144.054) Critical Material and Pharmaceutical Manufacturing Tax Exemption p.9	Up to (\$1,180,059)	Up to (\$1,573,412)	Up to (\$1,573,412)

<u>FISCAL IMPACT – State Government</u>	FY 2027 (10 Mo.)	FY 2028	FY 2029
ESTIMATED NET EFFECT ON SCHOOL DISTRICT TRUST FUND	Up to <u>(\$1,180,059)</u>	Up to <u>(\$1,573,412)</u>	Up to <u>(\$1,573,412)</u>
CONSERVATION COMMISSION FUND (1609)			
<u>Revenue Loss – (\$144.054.1(6))</u> Critical Material and Pharmaceutical Manufacturing Tax Exemption p.9	Up to <u>(\$147,507)</u>	Up to <u>(\$196,676)</u>	Up to <u>(\$196,676)</u>
ESTIMATED NET EFFECT ON CONSERVATION COMMISSION FUND	Up to <u>(\$147,507)</u>	Up to <u>(\$196,676)</u>	Up to <u>(\$196,676)</u>
PARK, SOIL, & WATER SALES TAX FUND (1613 & 1614)			
<u>Revenue Loss – (\$144.054.1(6))</u> Critical Material and Pharmaceutical Manufacturing Tax Exemption p.9	Up to <u>(\$118,006)</u>	Up to <u>(\$157,341)</u>	Up to <u>(\$157,341)</u>
ESTIMATED NET EFFECT ON PARK, SOIL, & WATER SALES TAX FUND	Up to <u>(\$118,006)</u>	Up to <u>(\$157,341)</u>	Up to <u>(\$157,341)</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2027 (10 Mo.)	FY 2028	FY 2029
LOCAL POLITICAL SUBDIVISIONS			
<u>Revenue Loss – (\$144.054.1(6))</u> Critical Material and Pharmaceutical Manufacturing Tax Exemption p.9	Up to <u>(\$5,546,277)</u>	Up to <u>(\$7,395,036)</u>	Up to <u>(\$7,395,036)</u>
ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS	Up to <u>(\$5,546,277)</u>	Up to <u>(\$7,395,036)</u>	Up to <u>(\$7,395,036)</u>

FISCAL IMPACT – Small Business

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

FISCAL DESCRIPTION

Business Incentives for Critical Material and Pharmaceuticals

This bill establishes the "Missouri Defense and Energy Independence Act".

For all tax years beginning on or after January 1, 2027, this Act authorizes the Department of Economic Development to award tax credits to a qualified company for qualified project costs incurred by the qualified company on or after January 1, 2027, as such terms are defined in the Act. No tax credit will be authorized for any qualified company that incurs less than \$5 million in qualified project costs.

The amount of tax credits shall be equal to 20% of qualified project costs for qualified companies that incur at least \$5 million but fewer than \$15 million in qualified project costs, and 25% of qualified project costs for qualified companies that incur at least \$15 million in qualified project costs.

"Qualified project costs" are those costs incurred by a qualified company for the construction, expansion, or conversion of facilities and the acquisition of equipment for the production of critical materials or critical pharmaceuticals, as such terms are defined in the Act.

Tax credits authorized by the Act will not be refundable, but may be carried forward for 10 subsequent tax years or until the full amount of the tax credit is redeemed, whichever occurs first. The tax credits may also be transferred, sold, or otherwise assigned. The cumulative amount of tax credits that may be authorized in any fiscal year shall not exceed \$40 million.

A qualified company seeking tax credits under the Act shall submit a notice of intent to the Department, and shall enter into a written agreement specifying the types and amounts of critical materials and critical pharmaceuticals that will be produced or processed, the estimated amount of capital investment and number of new jobs to be created at the project facility, clawback provisions, and other provisions the Department requires.

This Act also establishes the "Grants for Independence from Foreign Influence Fund", which shall consist of at least \$10 million in appropriated moneys. The Fund must be used by the Department of Economic Development to provide grants to qualified companies in an amount not to exceed \$500,000. Grant funds must be administered by the Missouri Development Finance Board as the third-party administrator, and will be used solely for qualified project costs incurred before the completion of the project facility.

This Act sunsets on December 31, 2036.

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

SOURCES OF INFORMATION

Department of Revenue
Department of Commerce and Insurance
Department of Economic Development
Missouri Department of Transportation
Missouri Department of Conservation
Office of Administration – Budget & Planning
Joint Committee on Administrative Rules
Oversight Division
Office of the Secretary of State
Office of the State Treasurer
Department of Elementary and Secondary Education
Branson Police Department
Kansas City Police Department
St. Louis County Police Department
Phelps County Sheriff's Office



Julie Morff
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March 10, 2026



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