

SECOND REGULAR SESSION
HOUSE COMMITTEE SUBSTITUTE FOR
HOUSE BILL NO. 1659
103RD GENERAL ASSEMBLY

3889H.02C

JOSEPH ENGLER, Chief Clerk

AN ACT

To amend chapter 620, RSMo, by adding thereto one new section relating to incentives for converting a business to produce certain strategic materials.

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

Section A. Chapter 620, RSMo, is amended by adding thereto one new section, to be
2 known as section 620.1646, to read as follows:

**620.1646. 1. This section shall be known and may be cited as the "Missouri
2 Defense and Energy Independence Act".**

3 2. As used in this section, the following terms mean:

4 (1) "Department", the department of economic development;

**5 (2) "Qualified company", a business entity headquartered or registered to do
6 business in Missouri that completes a verified conversion of its facilities to produce one
7 or more strategic materials;**

**8 (3) "Qualified conversion costs", expenses a qualified company incurs as part of
9 the conversion including, but not limited to, capital investments, including a minimum
10 private capital investment of at least five hundred thousand dollars, and any expenses
11 for labor, materials, and other expenses directly related to the conversion;**

**12 (4) "Strategic materials", includes critical chemicals, gases, metals, minerals, or
13 pharmaceutical ingredients deemed essential to defense, national health security, or
14 energy resilience, as designated by the department in consultation with the United States
15 Department of Energy or United States Department of Defense.**

**16 3. There is hereby established a grant program within the department of
17 economic development to encourage and assist qualified companies in converting their
18 facilities to produce strategic materials within the state of Missouri. Grant moneys,**

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.

19 upon appropriation, shall be awarded to qualified companies according to the
20 provisions of this section.

21 4. When applying to the department to qualify for a grant under this section, a
22 qualified company shall:

23 (1) Submit a conversion plan to the department that includes:

24 (a) The timeline for the completion of the conversion;

25 (b) The strategic materials to be produced; and

26 (c) The number of anticipated jobs to be created or retained in Missouri;

27 (2) Demonstrate that the company incurred a minimum private capital
28 investment cost of five hundred thousand dollars;

29 (3) Provide documentation to the department certifying compliance with the
30 state's labor, environmental, and tax laws; and

31 (4) Provide any further supporting documentation requested by the department
32 relating to the qualification process.

33 5. (1) A qualified company shall complete the department-approved conversion
34 plan within the time frame established by the department, but not later than twenty-
35 four months from the date of the award of moneys.

36 (2) If a qualified company fails to complete the approved conversion within the
37 time frame set out in subdivision (1) of this subsection or fails to comply with any of the
38 department's requirements for completing the conversion, a qualified company shall
39 repay the entire amount of the moneys awarded or a proportionate amount of the
40 moneys awarded, based upon the guidelines or parameters established by the
41 department.

42 6. (1) There is hereby created in the state treasury the "Missouri Defense and
43 Energy Independence Fund", which shall consist of moneys appropriated by the general
44 assembly not to exceed ten million dollars annually, subject to appropriation. The fund
45 shall also include any gifts, contributions, grants, or bequests received from federal,
46 private, or other sources. The state treasurer shall be custodian of the fund. In
47 accordance with sections 30.170 and 30.180, the state treasurer may approve
48 disbursements. The fund shall be a dedicated fund and, upon appropriation, moneys
49 in the fund shall be used solely as provided in subsection 7 of this section.

50 (2) Notwithstanding the provisions of section 33.080 to the contrary, any moneys
51 remaining in the fund at the end of the biennium shall not revert to the credit of the
52 general revenue fund.

53 (3) The state treasurer shall invest moneys in the fund in the same manner as
54 other funds are invested. Any interest and moneys earned on such investments shall be
55 credited to the fund.

56 7. (1) The department shall establish procedures for the solicitation, evaluation,
57 and approval of grant applications received from qualified companies. A qualified
58 company may submit a grant application for the award of moneys for qualified
59 conversion costs incurred by the qualified company as provided in this subsection.

60 (2) The department shall evaluate each application and approve or reject such
61 application. Subject to appropriations, upon approval of an application, the
62 department shall administer a grant award of moneys from the fund in an amount
63 not to exceed one million dollars per grant application per fiscal year.

64 (3) Moneys granted to a qualified company under this section shall be used solely
65 for qualified conversion costs incurred for the completion of the conversion.

66 8. The department shall submit a full report to the general assembly not later
67 than December thirty-first of each year. The report shall include the number of total
68 applications that were received during the fiscal year, the number of projects approved,
69 the total number of moneys awarded, and the estimated economic impact to the state.

70 9. The department shall promulgate all necessary rules and regulations for the
71 administration of this section including, but not limited to, rules relating to the
72 verification of a qualified company's qualified amount and qualified conversion costs.
73 Any rule or portion of a rule, as that term is defined in section 536.010, that is created
74 under the authority delegated in this section shall become effective only if it complies
75 with and is subject to all of the provisions of chapter 536 and, if applicable, section
76 536.028. This section and chapter 536 are nonseverable and if any of the powers vested
77 with the general assembly pursuant to chapter 536 to review, to delay the effective date,
78 or to disapprove and annul a rule are subsequently held unconstitutional, then the grant
79 of rulemaking authority and any rule proposed or adopted after August 28, 2026, shall
80 be invalid and void.

81 10. The provisions of the new program authorized under this section shall sunset
82 ten years after the effective date of this section unless reauthorized by an act of the
83 general assembly.

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