

HB 3027 -- BUSINESS INCENTIVES FOR CRITICAL MATERIAL AND PHARMACEUTICALS

SPONSOR: Knight

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.