



MISSOURI HOUSE OF REPRESENTATIVES
WITNESS APPEARANCE FORM

BILL NUMBER: HB 3027		DATE: 3/11/2026	
COMMITTEE: Commerce			
TESTIFYING: <input checked="" type="checkbox"/> IN SUPPORT OF <input type="checkbox"/> IN OPPOSITION TO <input type="checkbox"/> FOR INFORMATIONAL PURPOSES			
WITNESS NAME			
BUSINESS/ORGANIZATION:			
WITNESS NAME: ANTHONY N CARUSO		PHONE NUMBER: 816-738-1436	
BUSINESS/ORGANIZATION NAME: UNIVERSITY OF MISSOURI SYSTEM		TITLE: VICE CHANCELLOR FOR STRATEGIC INITIATIVES	
ADDRESS: 6414 WEST 79TH TERRACE			
CITY: OVERLAND PARK		STATE: KS	ZIP: 66204
EMAIL: carusoan@umkc.edu	ATTENDANCE: Written	SUBMIT DATE: 3/11/2026 12:01 PM	

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Thank you for the opportunity to testify. My name is Anthony Caruso, representing the Critical Materials Crossroads, a University of Missouri System initiative seeking to standup competitive and profitable critical materials production capacity in Missouri. All words written are my sole opinion and there is no request for or association with any funding for the University of Missouri System.

The sovereignty and autonomy of every American, of every Missourian, is grounded in the sustainment of economic-, energy- and national-security. Economic-, energy- and national security depends on access to critical goods, from aircraft and locomotives to MRI machines and finished antibiotics. These critical goods in turn, depend on critical components, from turbine engine fan blades to battery cells to displays to heat exchangers to permanent magnet synchronous motors and active pharmaceutical ingredients. Critical components require critical materials, from battery cathodes to investment cast alloys to metal-complexes for catalysts. Most critical materials are derived from one or more metals, which subsequently come from extracted primary ore, or, recovered secondary scrap or mine waste.

In 2024, the U.S. imported 90% of the critical materials required to produce critical goods; 85% of which were derived from the Peoples Republic of China. Globalization, for the last four decades has hollowed the middle value-chain of the U.S.. It is now our job to reverse the vulnerability caused by offshoring; the 'our' or 'we' refers to all Missouri stakeholders. It will take the investors, innovators, entrepreneurs, large corporations, educators and legislators.

When we say 'critical materials', we're referring to matter that is essential. Essential means that there is not an available replacement for the intended application. In the case of turbine engines, the essential material is Inconel, a superalloy composed primarily of nickel with its balance including Cr, Fe, Nb, Mo and Ti. These materials can perform at 1000 C and 30,000 rpm without changing shape. For batteries, nickel, manganese and cobalt are used, powering warfighter night vision goggles to unattended sensors and directed energy weapons on drones. For microelectronics and power electronics, gallium is used to make gallium-nitride semiconductors. Antimony is used to make igniters for ammunition. Germanium is used to make infrared and gammay-ray detectors. Graphite is used in nuclear reactors to anodes for batteries.

In February 2025, the Peoples Republic of China placed export controls and license requirements on bismuth, indium, molybdenum, tellurium and tungsten. In April and October the PRC widened its export restrictions on 13 of the 17 rare earth elements, placing Department of War applications that

require permanent magnets in jeopardy; each F-35 requires almost half a ton of permanent magnets for its functionality. In total, there are 60 critical minerals listed on the USGS list as of November of 2025.

Missouri is special within the United States. It has some of the minerals, all of the transportation methods, a strong history of materials production, a favorable regulatory environment and the will of the people to be a critical materials solution provider. I'll be happy to speak to any of those points with anyone from the committee in relation to the Critical Materials Crossroads initiative.

In the context of House Bill 3027, 'Missouri Defense and Energy Independence Act', the objective is to provide incentives for attracting businesses to standup critical materials production capacity. An economic analysis impact report we had run for the Critical Materials Crossroads estimated \$3B in equipment and facility investments would support 3,500 direct jobs and 6,500 indirect jobs; over a ten-year period, there would be \$17B added to the MO GSP and \$40B in gross output. If we scale the input to the maximum the bill will allow, \$1.60B over 10-years or 0.53% of the Critical Materials Crossroads input, 1866 direct jobs, 3466 indirect jobs, \$9B addition to the MO GSP and \$21B in gross output. Compared with the \$40M in authorized credits, the ROI is at least a factor greater than 10.

The natural resources of Missouri have long played an essential role in meeting technical and economic growth. Starting with lead (Pb) – extracted from the MO State Mineral Galena – the Doe Run, EnerSys and Eagle Picher corporations created more than \$2.5B in MO economic impact and greater than 3200 direct jobs and 8100 indirect and induced jobs in 2021 alone. The work includes the direct efforts of extracting and refining lead, battery cell manufacture and recovery-recycling. The median income for mine workers, exceeds the US level by \$12k, or \$73k/year, in 2021. Such direct efforts lead to indirect and induced markets and jobs, from compliance to health & safety to parts and maintenance crews for trucks. The funds approved from Bill 1553 should be expected to draw and catalyze federal and private equity investment, capturing the expansion and standup of entities that deliver the critical minerals and critical materials for critical goods. Thank you for your time.



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WITNESS NAME		
REGISTERED LOBBYIST:		
WITNESS NAME: CHANCE HEPOLA		PHONE NUMBER:
REPRESENTING: MISSOURI CHAMBER OF COMMERCE & INDUSTRY		TITLE:
ADDRESS: 428 E CAPITOL AVE		
CITY: JEFFERSON CITY		STATE: MO
		ZIP: 65101
EMAIL:	ATTENDANCE:	SUBMIT DATE: 3/11/2026 12:00 AM
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WITNESS NAME			
BUSINESS/ORGANIZATION:			
WITNESS NAME: DOUGLAS JOST		PHONE NUMBER: 314-313-5735	
BUSINESS/ORGANIZATION NAME: JOST CHEMICAL COMPANY		TITLE: CHIEF INNOVATION OFFICER	
ADDRESS: 8150 LACKLAND RD			
CITY: ST LOUIS		STATE: MO	ZIP: 63114
EMAIL:	ATTENDANCE:	SUBMIT DATE: 3/11/2026 12:00 AM	
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WITNESS NAME			
REGISTERED LOBBYIST:			
WITNESS NAME: MATT THOMPSON		PHONE NUMBER:	
REPRESENTING: API INNOVATION CENTER		TITLE:	
ADDRESS: 124 E HIGH STREET			
CITY: JEFFERSON CITY		STATE: MO	ZIP: 65101
EMAIL: matt@wintonpolicygroup.com	ATTENDANCE: Written	SUBMIT DATE: 3/11/2026 9:56 AM	
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WITNESS NAME			
REGISTERED LOBBYIST:			
WITNESS NAME: MICHAEL R GIBBONS		PHONE NUMBER: 314-650-5783	
REPRESENTING: THE DOE RUN COMPANY		TITLE:	
ADDRESS: 115 EAST HIGH STREET			
CITY: JEFFERSON CITY		STATE: MO	ZIP: 63122
EMAIL: mgibbons@gibbonsworkman.com	ATTENDANCE: Written	SUBMIT DATE: 3/11/2026 7:53 AM	
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We support the bill, but recommend that the definition of critical materials, which is very broad, be narrowed, possibly to the federal list of critical minerals



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WITNESS NAME			
BUSINESS/ORGANIZATION:			
WITNESS NAME: RAY MCCARTY		PHONE NUMBER: 573-634-2246	
BUSINESS/ORGANIZATION NAME: ASSOCIATED INDUSTRIES OF MISSOURI		TITLE: PRESIDENT/CEO	
ADDRESS: 3234 W TRUMAN BLVD			
CITY: JEFFERSON CITY		STATE: MO	ZIP: 65109
EMAIL: rmccarty@aimo.com	ATTENDANCE: Written	SUBMIT DATE: 3/11/2026 8:00 AM	

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Associated Industries of Missouri supports providing incentives for companies to begin supplying critical minerals and pharmaceuticals domestically to replace foreign sources. We would ask the sponsor to verify the constitutionality of the grant program in the bill as the Missouri Constitution, Art. III, Sec. 38(a) says, "The general assembly shall have no power to grant public money or property, or lend or authorize the lending of public credit, to any private person, association or corporation..."



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WITNESS NAME			
BUSINESS/ORGANIZATION:			
WITNESS NAME: ARNIE C. "HONEST-ABE" DIENOFF-STATE PUBLIC ADVOCAT		PHONE NUMBER: 314-440-9000	
BUSINESS/ORGANIZATION NAME: STATE PUBLIC ADVOCACY		TITLE:	
ADDRESS: P.O. BOX #1535			
CITY: O' FALLON		STATE: MO	ZIP: 63366
EMAIL: arniedienoff@mail.com	ATTENDANCE: In-Person	SUBMIT DATE: 3/11/2026 11:49 PM	

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I am Opposed to this Bill. This Bill is Creating and giving away more Tax-Credits that we just can not afford. This Giveaway will Cost Our State \$45-Million Dollars Annually and will Create an Additional Five (5) Full-Time Employees.



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WITNESS NAME			
INDIVIDUAL:			
WITNESS NAME: SARAH BERRY		PHONE NUMBER:	
BUSINESS/ORGANIZATION NAME:		TITLE:	
ADDRESS:			
CITY:		STATE:	ZIP:
EMAIL:	ATTENDANCE: Written	SUBMIT DATE: 3/11/2026 7:08 AM	

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HB 3027 establishes a new state incentive program providing tax credits, tax exemptions, and grant funding to companies producing “critical materials” and “critical pharmaceuticals.” While supply-chain resilience is a legitimate policy objective, several provisions raise constitutional, fiscal, and governance concerns.

1. Potential Special Law Concerns
 Missouri Constitution Article III, Section 40

The bill grants tax exemptions for the construction of a:
 “nuclear security enterprise located in any city with more than four hundred thousand inhabitants and located in more than one county.”

This classification appears sufficiently narrow that it may correspond to a single existing location in Missouri. The Missouri Constitution prohibits special laws granting privileges to specific entities when a general law could apply.

If the statutory class effectively applies to only one location, the provision risks functioning as a closed -class statute.¹

2. Transferable Tax Credits and Reduced Transparency
 HB 3027 authorizes tax credits that may be:
 “transferred, sold, or otherwise assigned.”

Transferable credits function differently from standard tax offsets. They allow recipients to convert public incentives into tradable financial instruments by selling credits to unrelated taxpayers.

Programs structured this way can reduce transparency regarding:
 the ultimate beneficiaries of the subsidy
 the true fiscal impact on state revenue.

Because credits may be carried forward for ten years, the fiscal impact may extend far beyond the year in which the program is authorized.

3. Creation of a Non-Reverting Treasury Fund
 The bill establishes the “Grants for Independence from Foreign Influence Fund,” which:

**begins with at least \$10 million in appropriations
may receive federal or private contributions
does not revert to general revenue at the end of the biennium.**

Non-reverting funds can reduce regular legislative oversight of public spending. When such funds are combined with discretionary grant authority, transparency and reporting mechanisms become particularly important.

HB 3027 does not include detailed statutory requirements for public reporting of grant recipients or project outcomes.

4. Broad Administrative Discretion

**The program grants substantial authority to the Department of Economic Development to:
approve tax credit eligibility
negotiate agreements with companies
administer grant awards.**

Statutes delegating economic subsidy authority generally benefit from clear standards and reporting requirements to ensure consistent administration and public accountability.

Conclusion:

**HB 3027 creates a significant new state incentive program involving:
transferable tax credits
non-reverting grant funds
targeted tax exemptions
broad administrative discretion.**

Before adopting such a program, the legislature may wish to consider whether additional transparency, reporting requirements, and fiscal safeguards are necessary to ensure accountability for public funds.

Legislative Notice:

The legal and fiscal considerations outlined above are reasonably foreseeable from the statutory language of HB 3027. Careful evaluation of these issues prior to enactment may reduce the risk of future litigation or unintended fiscal exposure.

Footnote:

Blaske v. Smith & Entzeroth, Inc., 821 S.W.2d 822 (Mo. banc 1991).