

SENATE COMMITTEE SUBSTITUTE

FOR

SENATE BILL NO. 5

AN ACT

To repeal section 68.075, RSMo, and to enact in lieu thereof two new sections relating to certain infrastructure improvement districts.

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

Section A. Section 68.075, RSMo, is repealed and two new sections enacted in lieu thereof, to be known as sections 68.075 and 620.2250, to read as follows:

68.075. 1. This section shall be known and may be cited as the "Advanced Industrial Manufacturing Zones Act".

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

(1) "AIM zone", an area identified through a resolution passed by the port authority board of commissioners appointed under section 68.045 that is being developed or redeveloped for any purpose so long as any infrastructure and building built or improved is in the development area. The port authority board of commissioners shall file an annual report indicating the established AIM zones with the department of revenue;

(2) "County average wage", the average wage in each county as determined by the Missouri department of economic development for the most recently completed full calendar year. However, if the computed county average wage is above the statewide average wage, the statewide average wage shall be deemed the county average wage for such county for the purpose of determining eligibility;

(3) "New job", the number of full-time employees located at the project facility that exceeds the project

facility base employment less any decrease in the number of full-time employees at related facilities below the related facility base employment. No job that was created prior to the date of the notice of intent shall be deemed a new job. An employee that spends less than fifty percent of the employee's work time at the facility is still considered to be located at a facility if the employee receives his or her directions and control from that facility, is on the facility's payroll, one hundred percent of the employee's income from such employment is Missouri income, and the employee is paid at or above the county average wage;

(4) "Related facility", a facility operated by a company or a related company prior to the establishment of the AIM zone in question located within any port district, as defined under section 68.015, which is directly related to the operations of the facility within the new AIM zone.

3. Any port authority located in this state may establish an AIM zone. Such zone may only include the area within the port authority's jurisdiction, ownership, or control, and may include any such area. The port authority shall determine the boundaries for each AIM zone, and more than one AIM zone may exist within the port authority's jurisdiction or under the port authority's ownership or control, and may be expanded or contracted by resolution of the port authority board of commissioners.

4. Fifty percent of the state tax withholdings imposed by sections 143.191 to 143.265 on new jobs within such zone after development or redevelopment has commenced shall not be remitted to the general revenue fund of the state of Missouri. Such moneys shall be deposited into the port authority AIM zone fund established under subsection 5 of this section for the purpose of continuing to expand, develop, and redevelop AIM zones identified by the port

authority board of commissioners and may be used for managerial, engineering, legal, research, promotion, planning, satisfaction of bonds issued under section 68.040, and any other expenses.

5. There is hereby created in the state treasury the "Port Authority AIM Zone Fund", which shall consist of money collected under this section. The state treasurer shall be custodian of the fund and shall approve disbursements from the fund in accordance with sections 30.170 and 30.180 to the port authorities from which the funds were collected, less the pro-rata portion appropriated by the general assembly to be used solely for the administration of this section which shall not exceed ten percent of the total amount collected within the zones of a port authority. Notwithstanding the provisions of section 33.080 to the contrary, any moneys remaining in the fund at the end of the biennium shall not revert to the credit of the general revenue fund. The state treasurer shall invest moneys in the fund in the same manner as other funds are invested. Any interest and moneys earned on such investments shall be credited to the fund.

6. The port authority shall approve any projects that begin construction and disperse any money collected under this section. The port authority shall submit an annual budget for the funds to the department of economic development explaining how and when such money will be spent.

7. The provision of section 23.253 notwithstanding, no AIM zone may be established after August 28, ~~2023~~ 2027. Any AIM zone created prior to that date shall continue to exist and be coterminous with the retirement of all debts incurred under subsection 4 of this section. No debts may be incurred or reauthorized using AIM zone revenue after August 28, ~~2023~~ 2027.

620.2250. 1. This section shall be known and may be cited as the "Targeted Industrial Manufacturing Enhancement Zones Act".

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

(1) "County average wage", the average wage in each county as determined by the department for the most recently completed full calendar year. However, if the computed county average wage is above the statewide average wage, the statewide average wage shall be deemed the county average wage for such county for the purpose of determining eligibility;

(2) "Department", the Missouri department of economic development;

(3) "New job", the number of full-time employees located at the project facility that exceeds the project facility base employment less any decrease in the number of full-time employees at related facilities below the related facility base employment. No job that was created prior to the date of the completion of an agreement pursuant to subsection 6 of this section and no job that is relocated from another location within this state shall be deemed a new job. An employee that spends less than fifty percent of the employee's work time at the facility is still considered to be located at a facility if the employee receives his or her directions and control from that facility, is on the facility's payroll, one hundred percent of the employee's income from such employment is Missouri income, and the employee is paid at or above the county average wage;

(4) "Political subdivision", a town, village, city, or county located in this state;

(5) "Related facility", a facility operated by a company or a related company prior to the establishment of

the TIME zone in question, and which is directly related to the operations of the facility within the new TIME zone;

(6) "TIME zone", an area identified through an ordinance or resolution passed pursuant to subsection 4 of this section that is being developed or redeveloped for any purpose so long as any infrastructure or building built or improved is in the development area;

(7) "Zone board", the governing body of a TIME zone.

3. The governing bodies of at least two contiguous or overlapping political subdivisions in this state may establish one or more TIME zones, which shall be political subdivisions of the state, for the purposes of completing infrastructure projects to promote the economic development of the region. Such zones may only include the area within the governing bodies' jurisdiction, ownership, or control, and may include any such area. The governing bodies shall determine the boundaries for each TIME zone, and more than one TIME zone may exist within the governing bodies' jurisdiction or under the governing bodies' ownership or control, and may be expanded or contracted by resolution of the zone board.

4. (1) To establish a TIME zone, the governing bodies of at least two political subdivisions shall each propose an ordinance or resolution creating such zone. Such ordinance or resolution shall set forth the names of the political subdivisions which will form the TIME zone, the general nature of the proposed improvements, the estimated cost of such improvements, the boundaries of the proposed TIME zone, and the estimated number of new jobs to be created in the TIME zone. Prior to approving such ordinance or resolution, each governing body shall hold a public hearing to consider the creation of the TIME zone and the proposed improvements therein. The governing bodies shall hear and pass upon all

objections to the TIME zone and the proposed improvements, if any, and may amend the proposed improvements, and the plans and specifications therefor.

(2) After the passage or adoption of the ordinance or resolution creating the TIME Zone, governance of the TIME zone shall be by the zone board, which shall consist of seven members selected from the political subdivisions creating the TIME zone. Members of a zone board shall receive no salary or other compensation for their services as members, but shall receive their necessary traveling and other expenses incurred while actually engaged in the discharge of their official duties. The zone board may expand or contract such TIME zone through an ordinance or resolution following a public hearing conducted to consider such expansion or contraction.

5. The boundaries of the proposed TIME zone shall be described by metes and bounds, streets, or other sufficiently specific description.

6. (1) Prior to retaining any state withholding tax pursuant to subsection 9 of this section, a zone board shall enter into an agreement with the department. Such agreement shall include, but shall not be limited to:

(a) The estimated number of new jobs to be created;

(b) The estimated average wage of new jobs to be created;

(c) The estimated net fiscal impact of the new jobs;

(d) The estimated costs of the proposed improvements;

(e) The estimated amount of withholding tax to be retained pursuant to subsection 9 of this section over the period of the agreement; and

(f) A copy of the ordinance establishing the board and a list of its members.

(2) The department shall not approve an agreement with a zone board unless the zone board commits to creating the following number of new jobs:

(a) For a TIME zone with a total population of less than five thousand inhabitants as determined by the most recent decennial census, a minimum of five new jobs with an average wage that equals or exceeds ninety percent of the county average wage;

(b) For a TIME zone with a total population of at least five thousand inhabitants but less than fifty thousand inhabitants as determined by the most recent decennial census, a minimum of ten new jobs with an average wage that equals or exceeds ninety percent of the county average wage;

(c) For a TIME zone with a total population of at least fifty thousand inhabitants but less than one hundred fifty thousand inhabitants as determined by the most recent decennial census, a minimum of fifteen new jobs with an average wage that equals or exceeds ninety percent of the county average wage; and

(d) For a TIME zone with a total population of at least one hundred fifty thousand inhabitants as determined by the most recent decennial census, a minimum of twenty-five new jobs with an average wage that equals or exceeds ninety percent of the county average wage.

7. (1) The term of the agreement entered into pursuant to subsection 6 of this section shall not exceed ten years. A zone board may apply to the department for approval to renew any agreement. Such application shall be made on forms provided by the department. In determining whether to approve the renewal of an agreement, the department shall consider:

(a) The number of new jobs created and the average wage and net fiscal impact of such jobs;

(b) The outstanding improvements to be made within the TIME zone and the funding necessary to complete such improvements; and

(c) Any other factor the department requires.

(2) The department may approve the renewal of an agreement for a period not to exceed ten years. If a zone board has not met the new job requirements pursuant to subdivision (2) of subsection 6 of this section by the end of the agreement, the department shall recapture from such zone board the amount of withholding tax retained by the zone board pursuant to this section and the department shall not approve the renewal of an agreement with such zone board.

(3) A zone board shall not retain any withholding tax pursuant to this section in excess of the costs of improvements completed by the zone board.

8. If a qualified company is retaining withholding tax pursuant to sections 620.2000 to 620.2020 for new jobs, as such terms are defined in section 620.2005, that also qualify for the retention of withholding tax pursuant to this section, the department shall not authorize an agreement pursuant to this section that results in more than fifty percent of the withholding tax for such new jobs being retained pursuant to this section and sections 620.2000 to 620.2020.

9. Upon the completion of an agreement pursuant to subsection 6 of this section, twenty-five percent of the state tax withholdings imposed by sections 143.191 to 143.265 on new jobs within a TIME zone after development or redevelopment has commenced shall not be remitted to the general revenue fund of the state of Missouri. Such moneys shall be deposited into the TIME zone fund established pursuant to subsection 10 of this section for the purpose of continuing to expand, develop, and redevelop TIME zones

identified by the zone board, and may be used for managerial, engineering, legal, research, promotion, planning, and any other expenses.

10. There is hereby created in the state treasury the "TIME Zone Fund", which shall consist of money collected under this section. The state treasurer shall be custodian of the fund and may approve disbursements from the fund in accordance with sections 30.170 and 30.180 to the zone boards of the TIME zones from which the funds were collected, less the pro-rata portion appropriated by the general assembly to be used solely for the administration of this section, which shall not exceed ten percent of the total amount collected within the TIME zones of a zone board. Notwithstanding the provisions of section 33.080 to the contrary, any moneys remaining in the fund at the end of the biennium shall not revert to the credit of the general revenue fund. The state treasurer shall invest moneys in the fund in the same manner as other funds are invested. Any interest and moneys earned on such investments shall be credited to the fund.

11. The zone board shall approve projects consistent with the provisions of this section that begin construction and disburse any money collected under this section. The zone board shall submit an annual budget for the funds to the department explaining how and when such money will be spent.

12. A zone board shall submit an annual report by December thirty-first of each year to the department and the general assembly. Such report shall include, but shall not be limited to:

(1) The locations of the established TIME zones governed by the zone board;

(2) The number of new jobs created within the TIME zones governed by the zone board;

(3) The average wage of the new jobs created within the TIME zones governed by the zone board; and

(4) The amount of withholding tax retained pursuant to subsection 9 of this section from new jobs created within the TIME zones governed by the zone board.

13. No political subdivision shall establish a TIME zone with boundaries that overlap the boundaries of an advanced industrial manufacturing zone established pursuant to section 68.075.

14. The total amount of withholding taxes retained by all TIME zones pursuant to the provisions of this section shall not exceed five million dollars per fiscal year.

15. The department may promulgate rules to implement the provisions of this section. Any rule or portion of a rule, as that term is defined in section 536.010, that is created under the authority delegated in this section shall become effective only if it complies with and is subject to all of the provisions of chapter 536 and, if applicable, section 536.028. This section and chapter 536 are nonseverable and if any of the powers vested with the general assembly pursuant to chapter 536 to review, to delay the effective date, or to disapprove and annul a rule are subsequently held unconstitutional, then the grant of rulemaking authority and any rule proposed or adopted after August 28, 2021, shall be invalid and void.

16. The provisions of section 23.253 notwithstanding, no TIME zone may be established after August 28, 2024. Any TIME zone created prior to such date shall continue to exist and be coterminous with the retirement of any debts incurred for improvements made within the TIME zone. No debts may be

incurred or reauthorized using TIME zone revenue after
August 28, 2024.