

SENATE BILL NO. 578

101ST GENERAL ASSEMBLY

INTRODUCED BY SENATOR RIDDLE.

2674S.01I

ADRIANE D. CROUSE, Secretary

AN ACT

To repeal section 30.750, RSMo, and to enact in lieu thereof six new sections relating to economic development.

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

Section A. Section 30.750, RSMo, is repealed and six new sections enacted in lieu thereof, to be known as sections 30.750, 34.195, 143.073, 143.513, 431.203, and 620.3800, to read as follows:

30.750. As used in sections 30.750 to 30.765, the following terms mean:

- (1) "Eligible agribusiness", a person engaged in the processing or adding of value to agricultural products produced in Missouri;
- (2) "Eligible alternative energy consumer", an individual who wishes to borrow moneys for the purchase, installation, or construction of facilities or equipment related to the production of fuel or power primarily for the individual's own use from energy sources other than fossil fuels, including but not limited to solar, hydroelectric, wind, and qualified biomass;
- (3) "Eligible alternative energy operation", a business enterprise engaged in the production of fuel or power from energy sources other than fossil fuels, including but not limited to solar, hydroelectric, wind, and qualified biomass. Such business enterprise shall conform to the

EXPLANATION-Matter enclosed in bold-faced brackets [thus] in this bill is not enacted and is intended to be omitted in the law.

18 characteristics of paragraphs (a), (b), and (d) of
19 subdivision (6) of this section;

20 (4) "Eligible beginning farmer":

21 (a) For any beginning farmer who seeks to participate
22 in the linked deposit program alone, a farmer who:

23 a. Is a Missouri resident;

24 b. Wishes to borrow for a farm operation located in
25 Missouri;

26 c. Is at least eighteen years old; and

27 d. In the preceding five years has not owned, either
28 directly or indirectly, farm land greater than fifty percent
29 of the average size farm in the county where the proposed
30 farm operation is located or farm land with an appraised
31 value greater than four hundred fifty thousand dollars. A
32 farmer who qualifies as an eligible farmer under this
33 provision may utilize the proceeds of a linked deposit loan
34 to purchase agricultural land, farm buildings, new and used
35 farm equipment, livestock and working capital;

36 (b) For any beginning farmer who is participating in
37 both the linked deposit program and the beginning farmer
38 loan program administered by the Missouri [agriculture]
39 **agricultural** and small business development authority, a
40 farmer who:

41 a. Qualifies under the definition of a beginning
42 farmer utilized for eligibility for federal tax-exempt
43 financing, including the limitations on the use of loan
44 proceeds; and

45 b. Meets all other requirements established by the
46 Missouri [agriculture] **agricultural** and small business
47 development authority;

48 (5) "Eligible facility borrower", a borrower qualified
49 under section 30.860 to apply for a reduced-rate loan under
50 sections 30.750 to 30.765;

51 (6) "Eligible farming operation", any person engaged
52 in farming in an authorized farm corporation, family farm,
53 or family farm corporation as defined in section 350.010
54 that has all of the following characteristics:

55 (a) Is headquartered in this state;

56 (b) Maintains offices, operating facilities, or
57 farming operations and transacts business in this state;

58 (c) Employs less than ten employees;

59 (d) Is organized for profit;

60 (7) "Eligible governmental entity", any political
61 subdivision of the state seeking to finance capital
62 improvements, capital outlay, or other significant programs
63 through an eligible lending institution;

64 (8) "Eligible higher education institution", any
65 approved public or private institution as defined in section
66 173.205;

67 (9) "Eligible job enhancement business", a new,
68 existing, or expanding firm operating in Missouri, or as a
69 condition of accepting the linked deposit, will locate a
70 facility or office in Missouri associated with said linked
71 deposit, which employs ten or more employees in Missouri on
72 a yearly average and which, as nearly as possible, is able
73 to establish or retain at least one job in Missouri for each
74 fifty thousand dollars received from a linked deposit loan
75 except when the applicant can demonstrate significant costs
76 for equipment, capital outlay, or capital improvements
77 associated with the physical expansion, renovation, or
78 modernization of a facility or equipment. In such cases,
79 the maximum amount of the linked deposit shall not exceed

80 fifty thousand dollars per job created or retained plus the
81 initial cost of the physical expansion, renovation or
82 capital outlay;

83 (10) "Eligible lending institution", a financial
84 institution that is eligible to make commercial or
85 agricultural or student loans or discount or purchase such
86 loans, is a public depository of state funds or obtains its
87 funds through the issuance of obligations, either directly
88 or through a related entity, eligible for the placement of
89 state funds under the provisions of Section 15, Article IV,
90 Constitution of Missouri, and agrees to participate in the
91 linked deposit program;

92 (11) "Eligible livestock operation", any person
93 engaged in production of livestock or poultry in an
94 authorized farm corporation, family farm, or family farm
95 corporation as defined in section 350.010;

96 (12) "Eligible locally owned business", any person
97 seeking to establish a new firm, partnership, cooperative
98 company, or corporation that shall retain at least fifty-one
99 percent ownership by residents in a county in which the
100 business is headquartered, that consists of the following
101 characteristics:

102 (a) The county has a median population of twelve
103 thousand five hundred or less; and

104 (b) The median income of residents in the county are
105 equal to or less than the state median income; or

106 (c) The unemployment rate of the county is equal to or
107 greater than the state's unemployment rate;

108 (13) "Eligible marketing enterprise", a business
109 enterprise operating in this state which is in the process
110 of marketing its goods, products or services within or
111 outside of this state or overseas, which marketing is

112 designed to increase manufacturing, transportation, mining,
113 communications, or other enterprises in this state, which
114 has proposed its marketing plan and strategy to the
115 department of economic development and which plan and
116 strategy has been approved by the department for purposes of
117 eligibility pursuant to sections 30.750 to 30.765. Such
118 business enterprise shall conform to the characteristics of
119 paragraphs (a), (b) and (d) of subdivision (6) of this
120 section and also employ less than twenty-five employees;

121 (14) "Eligible multitenant development enterprise", a
122 new enterprise that develops multitenant space for targeted
123 industries as determined by the department of economic
124 development and approved by the department for the purposes
125 of eligibility pursuant to sections 30.750 to 30.765;

126 (15) "Eligible residential property developer", an
127 individual who purchases and develops a residential
128 structure of either two or four units, if such residential
129 property developer uses and agrees to continue to use, for
130 at least the five years immediately following the date of
131 issuance of the linked deposit loan, one of the units as his
132 principal residence or if such person's principal residence
133 is located within one-half mile from the developed structure
134 and such person agrees to maintain the principal residence
135 within one-half mile of the developed structure for at least
136 the five years immediately following the date of issuance of
137 the linked deposit loan;

138 (16) "Eligible residential property owner", a person,
139 firm or corporation who purchases, develops or rehabilitates
140 a multifamily residential structure;

141 (17) "Eligible small business" [,]:

142 (a) A person engaged in an activity with the purpose
143 of obtaining, directly or indirectly, a gain, benefit or

144 advantage and which conforms to the characteristics of
145 paragraphs (a), (b) and (d) of subdivision (6) of this
146 section, and also employs less than one hundred employees or
147 an eligible veteran-owned small business as defined in
148 subdivision (19) of this section; **or**

149 **(b) A person who receives a loan from the Small**
150 **Business Administration; however, a person eligible under**
151 **this paragraph shall not receive a linked deposit in an**
152 **amount more than ten percent of the amount of the loan from**
153 **the Small Business Administration or two hundred fifty**
154 **thousand dollars, whichever is less, and, if such person**
155 **relocates out of this state within ten years of receiving**
156 **the linked deposit, the person shall be required to repay**
157 **the interest forgone on the linked deposit rate to the state;**

158 (18) "Eligible student borrower", any person
159 attending, or the parent of a dependent undergraduate
160 attending, an eligible higher education institution in
161 Missouri who may or may not qualify for need-based student
162 financial aid calculated by the federal analysis called
163 Congressional Methodology Formula pursuant to 20 U.S.C.
164 1078, as amended (the Higher Education Amendments of 1986);

165 (19) "Eligible veteran-owned small business", any
166 business owned by an honorably discharged veteran and
167 Missouri resident who has agreed to locate his or her
168 business in Missouri for a minimum of three years and
169 employs less than one hundred employees, a majority of whom
170 are Missouri residents;

171 (20) "Eligible water supply system", a water system
172 which serves fewer than fifty thousand persons and which is
173 owned and operated by:

174 (a) A public water supply district established
175 pursuant to chapter 247; or

- 176 (b) A municipality or other political subdivision; or
177 (c) A water corporation;

178 and which is certified by the department of natural
179 resources in accordance with its rules and regulations to
180 have suffered a significant decrease in its capacity to meet
181 its service needs as a result of drought;

182 (21) "Farming", using or cultivating land for the
183 production of agricultural crops, livestock or livestock
184 products, forest products, poultry or poultry products, milk
185 or dairy products, or fruit or other horticultural products;

186 (22) "Linked deposit", a certificate of deposit, or in
187 the case of production credit associations, the subscription
188 or purchase outright of obligations described in Section 15,
189 Article IV, Constitution of Missouri, placed by the state
190 treasurer with an eligible lending institution at rates
191 otherwise provided by law in section 30.758, provided the
192 institution agrees to lend the value of such deposit,
193 according to the deposit agreement provided in sections
194 30.750 to 30.765, to eligible multitenant development
195 enterprises, eligible small businesses, eligible alternative
196 energy operations, eligible alternative energy consumers,
197 eligible locally owned businesses, farming operations,
198 eligible job enhancement businesses, eligible marketing
199 enterprises, eligible residential property developers,
200 eligible residential property owners, eligible governmental
201 entities, eligible agribusinesses, eligible beginning
202 farmers, eligible livestock operations, eligible student
203 borrowers, eligible facility borrowers, or eligible water
204 supply systems at below the present borrowing rate
205 applicable to each multitenant development enterprise, small
206 business, alternative energy operation, alternative energy

207 consumer, farming operation, eligible job enhancement
208 business, eligible marketing enterprise, eligible
209 residential property developer, eligible residential
210 property owner, eligible governmental entity, eligible
211 agribusiness, eligible beginning farmer, eligible livestock
212 operation, eligible student borrower, or **eligible water**
213 supply system at the time of the deposit of state funds in
214 the institution;

215 (23) "Market rate", the interest rate more
216 specifically described in subsection 6 of section 30.260;

217 (24) "Professional forester", any individual who holds
218 a bachelor of science degree in forestry from a regionally
219 accredited college or university with a minimum of two years
220 of professional forest management experience;

221 (25) "Qualified biomass", any agriculture-derived
222 organic material or any wood-derived organic material
223 harvested in accordance with a site-specific forest
224 management plan focused on long-term forest sustainability
225 developed by a professional forester and qualified, in
226 consultation with the conservation commission, by the
227 agriculture and small business development authority;

228 (26) "Water corporation", as such term is defined in
229 section 386.020;

230 (27) "Water system", as such term is defined in
231 section 386.020.

**34.195. Five percent of all state contracts shall be
2 awarded to businesses that have been in operation for less
3 than five years.**

**143.073. 1. This section and section 143.513 may be
2 cited and shall be known as the "Right to Start Act".**

**3 2. For purposes of this section, the term "eligible
4 new business" means a corporation or other business entity,**

5 validly licensed under the applicable laws of this state,
6 that begins business operations in this state on or after
7 the effective date of this section.

8 3. For all tax years beginning on or after January 1,
9 2022, a tax is hereby imposed upon the Missouri taxable
10 income of eligible new businesses, as follows:

11 (1) For the first tax year of an eligible new
12 business, the first two hundred fifty thousand dollars of
13 income shall be exempt from taxation and any remaining
14 portion of income shall be taxed at a rate of four percent;

15 (2) For the second tax year of an eligible new
16 business, the first five hundred thousand dollars of income
17 shall be taxed at a rate of one percent and any remaining
18 portion of income shall be taxed at a rate of four percent;

19 (3) For the third tax year of an eligible new
20 business, the first seven hundred fifty thousand dollars of
21 income shall be taxed at a rate of two percent and any
22 remaining portion of income shall be taxed at a rate of four
23 percent;

24 (4) For the fourth tax year of an eligible new
25 business, the first one million dollars of income shall be
26 taxed at a rate of three percent and any remaining portion
27 of income shall be taxed at a rate of four percent;

28 (5) For the fifth tax year of an eligible new business
29 and for all tax years thereafter, all income shall be taxed
30 at a rate of four percent.

31 4. The income tax imposed under subsection 3 of this
32 section shall be imposed on eligible new businesses in lieu
33 of the income tax otherwise imposed under sections 143.011,
34 143.021, and 143.071, and any other provisions of this
35 chapter.

36 5. The department of revenue may promulgate all
37 necessary rules and regulations for the administration of
38 this section. Any rule or portion of a rule, as that term
39 is defined in section 536.010, that is created under the
40 authority delegated in this section shall become effective
41 only if it complies with and is subject to all of the
42 provisions of chapter 536 and, if applicable, section
43 536.028. This section and chapter 536 are nonseverable, and
44 if any of the powers vested with the general assembly
45 pursuant to chapter 536 to review, to delay the effective
46 date, or to disapprove and annul a rule are subsequently
47 held unconstitutional, then the grant of rulemaking
48 authority and any rule proposed or adopted after the
49 effective date of this section shall be invalid and void.

 143.513. 1. Pursuant to subsection 1 of section
2 143.073, this section and section 143.073 may be cited and
3 shall be known as the "Right to Start Act".

4 2. (1) Notwithstanding the provisions of section
5 143.511 or any other provision of law to the contrary, for
6 all tax years beginning on or after January 1, 2022, for any
7 taxpayer who is a corporation or other business entity,
8 validly licensed under the applicable laws of this state and
9 with a Missouri taxable income of less than five thousand
10 dollars for the tax year, the department of revenue may
11 extend the deadline for the filing of such taxpayer's income
12 taxes and tax returns for a period of one year, at which
13 time such taxes and tax returns shall be filed along with
14 any taxes and tax returns otherwise due for the tax year in
15 which the extension ends.

16 (2) No interest shall be assessed under section
17 143.731 and no interest or late penalty shall be assessed
18 under any other provision of law for individual, corporate,

19 or eligible small business income taxes or income tax
20 returns in which the filing deadline is extended under
21 subdivision (1) of this subsection, provided that, such
22 taxes and tax returns are filed before the extended deadline.

23 3. The department of revenue may design any forms and
24 may promulgate any necessary rules and regulations for the
25 administration of this section. Such rules shall include,
26 but not be limited to, rules describing how eligible
27 taxpayers shall apply for the extension allowed under this
28 section, how the applications for the extension shall be
29 processed by the department, and how taxpayers who are
30 awarded an extension shall file taxes after the extension
31 ends. Any rule or portion of a rule, as that term is
32 defined in section 536.010, that is created under the
33 authority delegated in this section shall become effective
34 only if it complies with and is subject to all of the
35 provisions of chapter 536 and, if applicable, section
36 536.028. This section and chapter 536 are nonseverable, and
37 if any of the powers vested with the general assembly
38 pursuant to chapter 536 to review, to delay the effective
39 date, or to disapprove and annul a rule are subsequently
40 held unconstitutional, then the grant of rulemaking
41 authority and any rule proposed or adopted after the
42 effective date of this act shall be invalid and void.

431.203. 1. For purposes of this section, the term
2 "covenant not to compete" means an agreement, understanding,
3 contract, or contractual term in which an employee or
4 prospective employee agrees not to compete against an
5 employer or prospective employer or agrees not to accept any
6 positions with a competitor of an employer or prospective
7 employer following the termination of a business or
8 employment relationship between the employee or prospective

9 employee and the employer or prospective employer. A
10 covenant not to compete may, but need not, contain time-
11 based or geographic limitations.

12 2. Notwithstanding any provision of section 431.202 or
13 any other provision of law to the contrary, beginning the
14 effective date of this section, a covenant not to compete
15 shall be void and unenforceable.

620.3800. 1. There is hereby created within the
2 department of economic development the "Office of
3 Entrepreneurship".

4 2. The office shall be funded subject to appropriation
5 from the federal State Small Business Credit Incentive
6 (SSBCI) funds.

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