

SENATE BILL NO. 103

103RD GENERAL ASSEMBLY

INTRODUCED BY SENATOR BERNSKOETTER.

1352S.01H

KRISTINA MARTIN, Secretary

AN ACT

To repeal section 620.2010, RSMo, and to enact in lieu thereof one new section relating to financial incentives for business development.

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

Section A. Section 620.2010, RSMo, is repealed and one
2 new section enacted in lieu thereof, to be known as section
3 620.2010, to read as follows:

620.2010. 1. In exchange for the consideration
2 provided by the new tax revenues and other economic stimuli
3 that will be generated by the new jobs created, a qualified
4 company may, for a period of five years from the date the
5 new jobs are created, or for a period of six years from the
6 date the new jobs are created if the qualified company is an
7 existing Missouri business, retain an amount equal to the
8 withholding tax as calculated under subdivision (38) of
9 section 620.2005 from the new jobs that would otherwise be
10 withheld and remitted by the qualified company under the
11 provisions of sections 143.191 to 143.265 if:

12 (1) The qualified company creates ten or more new
13 jobs, and the average wage of the new payroll equals or
14 exceeds ninety percent of the county average wage;

15 (2) The qualified company creates two or more new jobs
16 at a project facility located in a rural area, the average
17 wage of the new payroll equals or exceeds ninety percent of
18 the county average wage, and the qualified company commits

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

19 to making at least one hundred thousand dollars of new
20 capital investment at the project facility within two years;
21 or

22 (3) The qualified company creates two or more new jobs
23 at a project facility located within a zone designated under
24 sections 135.950 to 135.963, the average wage of the new
25 payroll equals or exceeds eighty percent of the county
26 average wage, and the qualified company commits to making at
27 least one hundred thousand dollars in new capital investment
28 at the project facility within two years of approval.

29 2. In addition to any benefits available under
30 subsection 1 of this section, the department may award a
31 qualified company that satisfies subdivision (1) of
32 subsection 1 of this section additional tax credits, issued
33 each year for a period of five years from the date the new
34 jobs are created, or for a period of six years from the date
35 the new jobs are created if the qualified company is an
36 existing Missouri business, in an amount equal to or less
37 than six percent of new payroll; provided that in no event
38 may the total amount of benefits awarded to a qualified
39 company under this section exceed nine percent of new
40 payroll in any calendar year. The amount of tax credits
41 awarded to a qualified company under this subsection shall
42 not exceed the projected net fiscal benefit to the state, as
43 determined by the department, and shall not exceed the least
44 amount necessary to obtain the qualified company's
45 commitment to initiate the project. In determining the
46 amount of tax credits to award to a qualified company under
47 this subsection or a qualified manufacturing company under
48 subsection 3 of this section, the department shall consider
49 the following factors:

50 (1) The significance of the qualified company's need
51 for program benefits;

52 (2) The amount of projected net fiscal benefit to the
53 state of the project and the period in which the state would
54 realize such net fiscal benefit;

55 (3) The overall size and quality of the proposed
56 project, including the number of new jobs, new capital
57 investment, manufacturing capital investment, proposed
58 wages, growth potential of the qualified company, the
59 potential multiplier effect of the project, and similar
60 factors;

61 (4) The financial stability and creditworthiness of
62 the qualified company;

63 (5) The level of economic distress in the area;

64 (6) An evaluation of the competitiveness of
65 alternative locations for the project facility, as
66 applicable; and

67 (7) The percent of local incentives committed.

68 3. (1) The department may award tax credits to a
69 qualified manufacturing company that makes a manufacturing
70 capital investment of at least five hundred million dollars
71 not more than three years following the department's
72 approval of a notice of intent and the execution of an
73 agreement that meets the requirements of subsection 4 of
74 this section. Such tax credits shall be issued no earlier
75 than January 1, 2023, and may be issued each year for a
76 period of five years. A qualified manufacturing company may
77 qualify for an additional five-year period under this
78 subsection if it makes an additional manufacturing capital
79 investment of at least two hundred fifty million dollars
80 within five years of the department's approval of the
81 original notice of intent.

82 (2) The maximum amount of tax credits that any one
83 qualified manufacturing company may receive under this
84 subsection shall not exceed five million dollars per
85 calendar year. The aggregate amount of tax credits awarded
86 to all qualified manufacturing companies under this
87 subsection shall not exceed ten million dollars per calendar
88 year.

89 (3) If, at the project facility at any time during the
90 project period, the qualified manufacturing company
91 discontinues the manufacturing of the new product, or
92 discontinues the modification or expansion of an existing
93 product, and does not replace it with a subsequent or
94 additional new product or with a modification or expansion
95 of an existing product, the company shall immediately cease
96 receiving any benefit awarded under this subsection for the
97 remainder of the project period and shall forfeit all rights
98 to retain or receive any benefit awarded under this
99 subsection for the remainder of such period.

100 (4) Notwithstanding any other provision of law to the
101 contrary, any qualified manufacturing company that is
102 awarded benefits under this section shall not simultaneously
103 receive tax credits or exemptions under sections 100.700 to
104 100.850 for the jobs created or retained or capital
105 improvement that qualified for benefits under this section.
106 The provisions of subsection 5 of section 285.530 shall not
107 apply to a qualified manufacturing company that is awarded
108 benefits under this section.

109 4. Upon approval of a notice of intent to receive tax
110 credits under subsection 2, 3, 6, or 7 of this section, the
111 department and the qualified company shall enter into a
112 written agreement covering the applicable project period.
113 The agreement shall specify, at a minimum:

114 (1) The committed number of new jobs, new payroll, and
115 new capital investment, or the manufacturing capital
116 investment and committed percentage of retained jobs for
117 each year during the project period;

118 (2) The date or time period during which the tax
119 credits shall be issued, which may be immediately or over a
120 period not to exceed two years from the date of approval of
121 the notice of intent;

122 (3) Clawback provisions, as may be required by the
123 department;

124 (4) Financial guarantee provisions as may be required
125 by the department, provided that financial guarantee
126 provisions shall be required by the department for tax
127 credits awarded under subsection 7 of this section; and

128 (5) Any other provisions the department may require.

129 5. In lieu of the benefits available under subsections
130 1 and 2 of this section, and in exchange for the
131 consideration provided by the new tax revenues and other
132 economic stimuli that will be generated by the new jobs
133 created by the program, a qualified company may, for a
134 period of five years from the date the new jobs are created,
135 or for a period of six years from the date the new jobs are
136 created if the qualified company is an existing Missouri
137 business, retain an amount equal to the withholding tax as
138 calculated under subdivision (38) of section 620.2005 from
139 the new jobs that would otherwise be withheld and remitted
140 by the qualified company under the provisions of sections
141 143.191 to 143.265 equal to:

142 (1) Six percent of new payroll for a period of five
143 years from the date the required number of new jobs were
144 created if the qualified company creates one hundred or more
145 new jobs and the average wage of the new payroll equals or

146 exceeds one hundred twenty percent of the county average
147 wage of the county in which the project facility is located;
148 or

149 (2) Seven percent of new payroll for a period of five
150 years from the date the required number of jobs were created
151 if the qualified company creates one hundred or more new
152 jobs and the average wage of the new payroll equals or
153 exceeds one hundred forty percent of the county average wage
154 of the county in which the project facility is located.

155 The department shall issue a refundable tax credit for any
156 difference between the amount of benefit allowed under this
157 subsection and the amount of withholding tax retained by the
158 company, in the event the withholding tax is not sufficient
159 to provide the entire amount of benefit due to the qualified
160 company under this subsection.

161 6. In addition to the benefits available under
162 subsection 5 of this section, the department may award a
163 qualified company that satisfies the provisions of
164 subsection 5 of this section additional tax credits, issued
165 each year for a period of five years from the date the new
166 jobs are created, or for a period of six years from the date
167 the new jobs are created if the qualified company is an
168 existing Missouri business, in an amount equal to or less
169 than three percent of new payroll; provided that in no event
170 may the total amount of benefits awarded to a qualified
171 company under this section exceed nine percent of new
172 payroll in any calendar year. The amount of tax credits
173 awarded to a qualified company under this subsection shall
174 not exceed the projected net fiscal benefit to the state, as
175 determined by the department, and shall not exceed the least
176 amount necessary to obtain the qualified company's

177 commitment to initiate the project. In determining the
178 amount of tax credits to award to a qualified company under
179 this subsection, the department shall consider the factors
180 provided under subsection 2 of this section.

181 7. In lieu of the benefits available under subsections
182 1, 2, 5, and 6 of this section, and in exchange for the
183 consideration provided by the new tax revenues and other
184 economic stimuli that will be generated by the new jobs and
185 new capital investment created by the program, the
186 department may award a qualified company that satisfies the
187 provisions of subdivision (1) of subsection 1 of this
188 section tax credits, issued within one year following the
189 qualified company's acceptance of the department's proposal
190 for benefits, in an amount equal to or less than nine
191 percent of new payroll. The amount of tax credits awarded
192 to a qualified company under this subsection shall not
193 exceed the projected net fiscal benefit to the state, as
194 determined by the department, and shall not exceed the least
195 amount necessary to obtain the qualified company's
196 commitment to initiate the project. In determining the
197 amount of tax credits to award to a qualified company under
198 this subsection, the department shall consider the factors
199 provided under subsection 2 of this section and the
200 qualified company's commitment to new capital investment and
201 new job creation within the state for a period of not less
202 than ten years. For the purposes of this subsection, each
203 qualified company shall have an average wage of the new
204 payroll that equals or exceeds one hundred percent of the
205 county average wage. Notwithstanding the provisions of
206 section 620.2020 to the contrary, this subsection shall
207 expire on June 30, [2025] 2031.

208 8. No benefits shall be available under this section
209 for any qualified company that has performed significant,
210 project-specific site work at the project facility,
211 purchased machinery or equipment related to the project, or
212 has publicly announced its intention to make new capital
213 investment or manufacturing capital investment at the
214 project facility prior to receipt of a proposal for benefits
215 under this section or approval of its notice of intent,
216 whichever occurs first.

217 9. In lieu of any other benefits under this chapter,
218 the department of economic development may award a tax
219 credit to an industrial development authority for a
220 qualified military project in an amount equal to the
221 estimated withholding taxes associated with the part-time
222 and full-time civilian and military new jobs located at the
223 facility and directly impacted by the project. The amount
224 of the tax credit shall be calculated by multiplying:

225 (1) The average percentage of tax withheld, as
226 provided by the department of revenue to the department of
227 economic development;

228 (2) The average salaries of the jobs directly created
229 by the qualified military project; and

230 (3) The number of jobs directly created by the
231 qualified military project.

232 If the amount of the tax credit represents the least amount
233 necessary to accomplish the qualified military project, the
234 tax credits may be issued, but no tax credits shall be
235 issued for a term longer than fifteen years. No qualified
236 military project shall be eligible for tax credits under
237 this subsection unless the department of economic

238 development determines the qualified military project shall
239 achieve a net positive fiscal impact to the state.

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