

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0517-04
Bill No.: SCS for SB 10
Subject: Economic Development; Tax Incentives; Tax Credits
Type: Original
Date: February 21, 2017

Bill Summary: This proposal modifies the Missouri Works and Missouri Works Training Program.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 5 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
Total Estimated Net Effect on FTE	0	0	0

☐ Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials at the **Department of Economic Development, Department of Higher Education, Department of Revenue** and the **Office of the State Treasurer** each assume there is no fiscal impact from this proposal.

Officials at the **Metropolitan Community College** assume the impact is unknown.

Officials at the **St. Louis Community College** assume there is no fiscal impact from this proposal.

<u>FISCAL IMPACT - State Government</u>	FY 2018 (10 Mo.)	FY 2019	FY 2020
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\$0

\$0

\$0

<u>FISCAL IMPACT - Local Government</u>	FY 2018 (10 Mo.)	FY 2019	FY 2020
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\$0

\$0

\$0

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

This act modifies several provisions relating to financial incentives for job creation.

JOB TRAINING

This act modifies the definition of "new capital investment" by allowing costs incurred by a qualified company at the project facility prior to acceptance of the proposal for benefits to be considered new capital investment. (\$620.800)

This act allows the Department of Economic Development to contract with other entities for the purpose of advertising, marketing, and promoting the Missouri Works Training program.

FISCAL DESCRIPTION (continued)

This act also prohibits any school district that is providing training assistance from receiving funding above its current level. No new school district shall be approved to provide training assistance after the effective date of the act. (§620.803)

This act allows the Department of Economic Development to provide assistance through the Missouri Works Job Development Fund to a consortium of companies if a majority of the consortium are qualified companies. (§620.806)

Currently, Missouri Works Training projects are funded by redirecting withholding taxes remitted by a qualified company for new or retained jobs created by the company. This act allows the Department of Economic Development to provide up-front funding from appropriations from the General Revenue fund. For projects that utilize such funding, the amount of withholding taxes redirected for the project shall be reduced by the amount of funds received through the General Revenue appropriation. (§620.809)

MISSOURI WORKS

This act modifies several provisions of the Missouri Works program.

The definition of "new job" is changed to prohibit a job from being considered a new job because of a change of ownership in the company unless the company ceases to do business, there is a break in employment, and the company is subsequently restarted by new ownership, as described in the act.

A new definition of "owner" is included, which is defined as a person with an ownership interest in a company. The term shall not include persons with less than a ten percent ownership interest or persons whose interest is solely through an employee stock ownership plan, as described in the act.

The definition of "project facility base employment" is changed to provided that awarded benefits shall not apply to base employment.

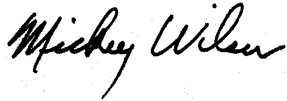
The definition of "project facility base payroll" is changed to provide that the amount of base payroll shall be equal to or greater than the previous year's base payroll while keeping the number of employees in the base constant. The company may choose the method of reporting the number of employees in the base, but the method shall remain in effect throughout the benefit period. (§620.2005)

FISCAL DESCRIPTION (continued)

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Economic Development
Department of Revenue
Metropolitan Community College
Office of the State Treasurer
St. Louis Community College



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Director
February 21, 2017

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February 21, 2017