

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 4278S.06P  
 Bill No.: Perfected SS for SCS for SB 672  
 Subject: Education, Higher; Economic Development; Department of Economic  
 Development  
 Type: Original  
 Date: February 20, 2022

Bill Summary: This proposal modifies provisions relating to workforce development.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2023	FY 2024	FY 2025
General Revenue**	(\$201,379 to \$10,148,686)	(\$93,694 to \$12,274,217)	(\$95,414 to \$12,634,963)
<b>Total Estimated Net Effect on General Revenue</b>	<b>(\$201,379 to \$10,148,686)</b>	<b>(\$93,694 to \$12,274,217)</b>	<b>(\$95,414 to \$12,634,963)</b>

\*This proposal, in addition to expanding the program (to include apprenticeships and Fast Track eligibles), removes the Fast-Track sunset date (currently set to sunset on August 28, 2022). Oversight treats these changes similarly – as an expenditure (new or continued) in future years.

\*\*Twenty-five percent (25%) of state tax withholdings from new jobs created within established TIME Zones may be deposited into the TIME Zone Fund to be disbursed back to the Time Zone (less up to 10% for state administrative costs). The program cap (across all TIME Zones) is \$5 million per year.

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2023	FY 2024	FY 2025
Fast Track Workforce Incentive Grant Fund	\$0	\$0	\$0
TIME Zone Fund*	\$0	\$0	\$0
<b>Total Estimated Net Effect on Other State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

\*Distribution of revenues and expenses net to \$0.

Numbers within parentheses: () indicate costs or losses.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2023</b>	<b>FY 2024</b>	<b>FY 2025</b>
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
<b>FUND AFFECTED</b>	<b>FY 2023</b>	<b>FY 2024</b>	<b>FY 2025</b>
General Revenue - DHEWD	1 FTE	1 FTE	1 FTE
TIME Zone	0 or 1 FTE	0 or 1 FTE	0 or 1 FTE
<b>Total Estimated Net Effect on FTE</b>	<b>1 or 2 FTE</b>	<b>1 or 2 FTE</b>	<b>1 or 2 FTE</b>

- Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.
- Estimated Net Effect (savings or increased revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2023</b>	<b>FY 2024</b>	<b>FY 2025</b>
<b>Local Government*</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

\*Transfers-in and costs net to \$0

## FISCAL ANALYSIS

### ASSUMPTION

#### §21.915 – Joint Committee on Rural Economic Development

Officials from the **Department of Health and Senior Services (DHSS)** state pursuant to §21.915.4 of the proposed legislation, DHSS may be asked to provide to the committee a variety of socio-economic and demographic data from the most recent decennial US census as well as other metrics from health surveys that measure access to care and insurance status in rural areas of the state. The Bureau of Health Care Analysis & Data Dissemination (BHCADD) estimates that this work could total 40 hours to identify, analyze, download and convert into a consistent format the various indicators the Committee could request (\$22.80/ hr Research Analyst \* 40 hrs = \$912). As the proposed legislation does not specify what degree of assistance is to be provided or which agencies will provide assistance, the actual cost could be very minimal or it could be more extensive depending on the specific nature of the request.

DHSS anticipates being able to absorb these costs. However, until the FY23 budget is final, the department cannot identify specific funding sources.

**Oversight** does not have any information to the contrary. Oversight assumes the DHSS has sufficient staff and resources available to absorb the additional duties required by this proposal and will present no fiscal impact for the DHSS for fiscal note purposes.

Officials from the **Missouri Senate (SEN)** anticipate a negative fiscal impact to reimburse 5 senators for travel for committee meetings. It will cost approximately \$639.45 per meeting for reimbursable travel expenses.

**Oversight** does not have any information to the contrary. Oversight assumes the SEN can absorb the additional costs associated with this proposal within current funding levels and will present no fiscal impact for the SEN for fiscal note purposes.

Officials from the **Missouri House of Representatives (MHR)** assume the proposal will have no fiscal impact on their organization. It is assumed that since this proposal creates a joint committee, the joint contingent appropriation will cover any reasonable expenses incurred by MHR members serving on the committee.

**Oversight** does not have any information to the contrary. Therefore, Oversight will reflect no fiscal impact for the MHR.

In response to similar legislation (SB 705), officials from the **Office of Administration** stated this bill establishes a joint committee on rural economic development to compile reports of recommendations they have for administrative and procedural changes for state government

agencies and departments. Office of Administration staff would be required to cooperate with and provide assistance to provide any books, reports, and any other requested information when needed for the joint committee. The fiscal impact of this bill is unable to be calculated because it is unknown how often a request for such information would need or how much interaction the Office of Administration staff would be required to compile the requested information. Varying levels of staff time could be required depending upon the nature of the underlying request as well as the supplies that would be needed to provide the information. Therefore, the fiscal impact of this bill is \$0 to unknown.

**Oversight** does not have any information to the contrary. However, Oversight assumes OA would be able to absorb the additional duties of this proposal within current staffing and resource levels. However, if additional resources become necessary, the OA could request additional funding through the appropriations process.

§173.2553 - Fast track workforce incentive grant program

Officials from the **Department of Higher Education and Workforce Development (DHEWD)** state, in general, the proposed legislation would add costs for certain apprenticeships as eligible for awards through the Fast Track program and would eliminate the existing sunset clause.

Several subsections of §173.2553, including parts of subsections 2 through 11, are being amended to add registered apprenticeships and instructional programs delivered by training providers identified in the eligible training provider system (ETPS) maintained by the DHEWD to the Fast Track Workforce Incentive Grant. To be clear, not every program or provider on the ETPS would automatically become eligible. The Coordinating Board of Higher Education (CBHE) must still certify the program as providing education in an area of unmet need in the state of Missouri. The proposal would further allow eligible individuals that are actively participating in a U.S. Department of Labor approved apprenticeship to have certain education related costs reimbursed through the Fast Track program. To be eligible, the apprentice would need to meet the same requirements as individuals enrolled in eligible postsecondary education coursework, such as being a U.S. citizen or permanent resident, have an adjusted gross income within the program limits, and being 25 years of age or older. The program would reimburse the apprentice for education costs, such as tools, books, and uniforms, related to apprenticeships in occupational areas designated by the CBHE.

At present, there is no definite data on either the number of apprentices that might be eligible for, and take advantage of the Fast Track program or the average costs that would be reimbursable. However, based on apprenticeship data from the Office of Workforce Development within the department relating to the Workforce Innovation and Opportunity Act (WIOA), it is estimated that as many as 500 apprentices would meet the requirements to participate in the program. In addition, that same data suggests that the likely average annual cost that would be reimbursable is \$2,400. Based on those assumptions, this change would require **\$1,200,000** (\$2,400 x 500) to fully fund this revision for FY 2023. Assuming a five percent increase per year, the cost for FY 2024 would be \$1,260,000 and for FY 2025 would be **\$1,323,000**.

The ETPS system, which is used by Missouri Job Centers to assist individuals with training that is eligible for funding through the Workforce Innovation and Opportunity Act (WIOA), includes a wide range of training providers. While DHEWD collects data on WIOA participants, the total enrollment data collected from many of the providers is more limited. Based on the information available to the department, DHEWD would estimate the number of students at these providers that are enrolled in Fast Track eligible programs to be approximately 10,000 students. If DHEWD assumes that five percent (5%) of those students would meet all of the Fast Track eligibility criteria (age of 25 or above, AGI cutoff, etc.), this change would expand the program by 500 recipients. Assuming the average award remains constant (\$4,100 in FY 2021), this would increase the cost of the program by **\$2,050,000** in FY 2023. Assuming a five percent increase per year, the cost for FY 2024 would be **\$2,152,500** and for FY 2025 would be **\$2,260,125**.

In addition, in order to develop the administrative system needed to operate the program, substantial ITSD work will be required. The estimate of the cost to develop an administrative system adequate to administer this addition, including the tracking of residency and employment after completion of the apprenticeship and conversion of the grant to a loan if the program requirements are not satisfied would be **\$137,792**. Ongoing support costs would be **\$28,247** for FY 2024 and **\$28,953** for FY 2025.

Subsection 13 of 173.2553 would eliminate the current sunset provision for the program. Without this change, the program would sunset on August 28, 2022 and the statutory section would terminate on December 31, 2023. The estimate of the cost for this component is based on program data for the last two years. Based on a comparison of program operation through November 30 of 2020 and 2021, it appears the program cost for FY 2022 will increase by approximately 240 percent. Based on that assumption and the fact that the total program cost for FY 2021 (the last complete award year) was \$1,274,255, DHEWD estimates the total program cost for FY 2022 will be \$3,058,212. Since the elimination of the sunset will require continued operation of the program where that would not have been the case if the sunset provision remained, DHEWD would expect the initial impact of the deletion of the sunset to occur in FY 2023. If DHEWD assumes a more modest growth pattern between FY 2022 and FY 2023 of six percent growth in participation and five percent increase in the cost of tuition and fees, the total program cost for FY 2023 would be estimated at \$3,394,615.

Given the sunset language, it is assumed that the cost of the program for FY 2023, if applications are closed on August 28, 2022, would be approximately half of that amount or \$1,697,308. If the sunset is eliminated, the cost increase would be the remaining half or **\$1,697,307** for FY 2023. For FY 2024, assuming growth similar, the program cost would be **\$3,768,023** ( $\$3,394,615 * 1.11\%$ ). For FY 2025, assuming only an inflationary increase to cover tuition and fee increases of five percent, the estimated cost would be **\$3,956,424**.

Since the statute does not mandate the appropriation necessary to fully fund the program, the estimated cost for program distribution would be from zero to \$4,947,307 (\$1,200,000 apprentice

reimbursable costs + \$2,050,000 Fast Track eligibles + \$1,697,307 sunset date removal) for FY 2023; zero to \$7,180,523 (\$1,260,000 apprentice reimbursable costs + \$2,152,500 Fast Track eligibles + \$3,768,023 sunset date removal) for FY 2024; and zero to \$7,539,549 (\$1,323,000 apprentice reimbursable costs + \$2,260,125 Fast Track eligibles + \$3,956,424 sunset date removal) for FY 2025. These estimates do not include costs related to ITSD development (referenced above) or the personnel costs (referenced below).

Finally, due to the complexity of tracking the residency and employment of all Fast Track recipients as required by the underlying statute and administering the addition of payments to apprentices, all of which is and would continue to be an intensive process, one (1) additional FTE (Program Specialist, \$35,920 annually) would be needed to administer this program addition. To note, the department has requested three FTE in its FY 2023 budget request for the Grants and Scholarship team. If approved by the General Assembly, the additional FTEs for the ten student financial aid programs administered by DHEWD, which serve of 64,000 students, would be sufficient to cover the need for this proposal.

**Oversight** does not have any information to the contrary. Therefore, Oversight will reflect the range of costs to the General Revenue Fund provided by DHEWD for the grant program and ITSD costs.

**Oversight** notes the FY 2022 appropriation for the Fast-Track Workforce Incentive Grant program totaled \$5.7 million:

General Revenue	\$3,700,000
Lottery Proceeds Fund	\$1,000,000
DHEWD Federal Emergency Relief Fund	<u>\$1,000,000</u>
Total for FY 2022	<u>\$5,700,000</u>

Officials from the **University of Missouri (UM)** state the proposed legislation could have a positive financial impact on the University of Missouri should any awards be made through appropriations/grants and/or additional students are enrolled.

Officials from the **Missouri State University (MSU)** state this bill would have a positive fiscal impact of an undetermined amount.

Officials from the **University of Central Missouri (UCM)** state the proposal would have an indeterminate, but potentially positive fiscal impact on UCM.

**Oversight** assumes the potential positive impact this proposal may have on colleges and universities to be indirect and will not present a fiscal impact related to colleges and universities for fiscal note purposes.

§620.2250 – Time zones/Targeted Industrial Manufacturing Enhancement Zones Act

Officials from the **Office of Administration - Budget and Planning (B&P)** assume this proposal allows for 25% of the state tax withholdings on new jobs within a TIME zone to be deposited into the TIME Zone Fund, newly created, rather than the General Revenue Fund.

The total amount of withholding taxes retained by all TIME zones shall not exceed \$5M per fiscal year. B&P will show an impact of up to \$5M deposited into the TIME Zone Fund and (up to \$5M) from general revenue.

This proposal may encourage other economic activity, but B&P does not have data to estimate induced revenues.

Officials from the **Department of Revenue (DOR)** state §620.2250.9 allows for the diversion of 25% of the state tax withholding on new jobs to not be remitted to General Revenue and instead go to a designated TIME Zone Fund as outlined in this proposal. The percentage of the withholding tax is based on qualifications outlined in this proposal. DOR notes this 25% is on new jobs created in a TIME Zone and is not currently being collected by the DOR from the TIME Zone area. This proposal limits the cumulative amount of withholding tax to \$5 million annually for all TIME Zones created in the State.

DOR is unable to estimate the number of new jobs that may be created and the new withholding tax those new jobs would generate. The Department of Economic Development (DED) may be able to provide an estimate of the number of expected jobs. This could be expected to generate between \$0 (no TIME Zones created) and \$5,000,000 annually for the TIME Zones (based on limits of the proposal).

The DOR is unsure if this would result in additional or lost revenue to the State. Should the created jobs be truly new jobs in the State and not just jobs in the Time Zone area, then the State would gain some withholding tax it is not already collecting. Should the TIME Zone just be hiring employees that previously worked elsewhere, then the State may actually lose withholding tax it previously collected. The DOR will show an Unknown impact to the general revenue.

This proposal will require programming and form changes. These costs are estimated at \$8,386.

**Oversight** does not have any information to the contrary. However, Oversight assumes the DOR has sufficient staff and resources available to absorb the minimal fiscal impact that may be incurred for programming and form changes and will not present these costs for fiscal note purposes.

In response to similar legislation (HB 1685), officials from the **Department of Economic Development (DED)** stated the proposal creates the “Target Industrial Manufacturing Enhancement Zones Act” (TIME) which allows communities to recapture a portion of state

withholding tax associated with new taxes and use those funds for infrastructure improvement. The TIME Zone program is to be administered by the Department of Economic Development. DED is responsible for reviewing and approving agreements with local zone boards to ensure compliance with the program requirements. DED will also receive annual reports from the zone board explaining how moneys will be spent.

620.2250.14 - The total amount of withholding taxes retained by all TIME zones shall not exceed \$5M per fiscal year.

This legislation will result in a reduction to state withholding tax. DED has no mechanism to calculate the impact on Total State Revenue, but estimates a potential GR loss of \$0 to (\$5,000,000).

DED is responsible for reviewing job creation quotas, approving any agreements, agreement renewals, along with reviewing annual budgets and annual reports and, therefore, would need 1.0 FTE Economic Development Specialist to implement the program.

In summary, DED assumes a cost of \$74,193 (10 Mo) in FY 2023, \$79,838 in FY 2024 and \$81,138 in FY 2025 to provide for the implementation of the changes in this proposal.

**Oversight** does not have any information to the contrary. Therefore, Oversight will reflect the fiscal impact presented by the DED.

**Oversight** notes §620.2250 of this proposal creates the Targeted Industrial Manufacturing Enhancement Zones Act. This also creates the TIME Zone Fund. Once an ordinance or resolution is passed/adopted by at least two political subdivisions, this proposal requires “twenty-five percent of the state tax withholdings” on new jobs created in the TIME Zone to go directly to the new fund created. Oversight will assume a loss to General Revenue of the withholding tax and a gain to the TIME Zone Fund of the withholding tax. The total amount of withholding taxes retained by all TIME Zones will not exceed \$5,000,000 per fiscal year. In addition, no TIME Zone may be established after August 28, 2025, and already established TIME zones created prior to that date shall continue to exist. Oversight will reflect the impact as \$0 (no new jobs created) to \$5,000,000. Also, depending upon the number of TIME Zones established and new jobs created, Oversight assumes DED may be able to absorb some additional responsibilities created by this bill. Therefore, Oversight will range DED’s administrative needs from zero impact to one additional FTE in the TIME Zone Fund. Oversight notes the state is allowed to retain 10% of the proceeds for administrative costs.

#### Senate Amendments 5 and 6

Officials from the **Department of Elementary and Secondary Education** and the **Department of Revenue** state the amendments will have no fiscal impact on their organizations.



**Oversight** notes no other agencies addressed a potential fiscal impact as a result of Senate Amendments 5 and 6. Therefore, Oversight assumes no fiscal impact for these amendments.

#### Bill as a whole

Officials from the **Attorney General's Office**, the **Department of Commerce and Insurance**, the **Department of Elementary and Secondary Education**, the **Department of Mental Health**, the **Department of Natural Resources**, the **Department of Corrections**, the **Department of Public Safety, Divisions of: Alcohol and Tobacco Control, Director's Office**, the **Missouri Gaming Commission**, the **Missouri Highway Patrol**, and **State Emergency Management Agency**, the **Department of Social Services**, the **Missouri Department of Agriculture**, the **Missouri Department of Conservation**, the **Missouri Department of Transportation**, the **Office of the State Public Defender**, the **MoDOT & Patrol Employees' Retirement System**, the **City of Claycomo**, the **City of Springfield** and the **Office of the State Treasurer** each assume the proposal will have no fiscal impact on their respective organizations. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these agencies.

In response to similar provisions (SB 705), officials from the **Office of Administration - Administrative Hearing Commission**, the **Department of Labor and Industrial Relations**, the **Department of Public Safety, Divisions of: Capitol Police, Fire Safety, Missouri National Guard** and **Missouri Veterans Commission**, the **Petroleum Storage Tank Insurance Fund** and **Legislative Research** each assumed the proposal will have no fiscal impact on their respective organizations.

#### Rule Promulgation

Officials from the **Joint Committee on Administrative Rules** assume this proposal is not anticipated to cause a fiscal impact beyond its current appropriation.

In response to legislation with similar rules provisions (HB 1685), officials from the **Office of the Secretary of State (SOS)** noted many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to the SOS for Administrative Rules is less than \$5,000. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, the SOS also recognizes that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what the office can sustain with its core budget. Therefore, the SOS reserves the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

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**Oversight** only reflects the responses received from state agencies and political subdivisions; however, other cities, various county officials, and colleges and universities were requested to respond to this proposed legislation but did not. A listing of political subdivisions included in the Missouri Legislative Information System (MOLIS) database is available upon request.

<u>FISCAL IMPACT – State Government</u>	FY 2023 (10 Mo.)	FY 2024	FY 2025
<b>GENERAL REVENUE</b>			
<u>Costs – DHEWD (§173.2553)</u>			
Personal service p. 5	(\$29,933)	(\$36,638)	(\$37,371)
Fringe benefits	(\$22,364)	(\$27,078)	(\$27,324)
Equipment and expense	(\$11,290)	(\$1,731)	(\$1,766)
Apprenticeship (new) reimbursable costs p. 4 (500 X \$2,400)	\$0 to (\$1,200,000)	\$0 to (\$1,260,000)	\$0 to (\$1,323,000)
Fast Track eligibles p. 5 (500 X \$4,100)	\$0 to (\$2,050,000)	\$0 to (\$2,152,500)	\$0 to (\$2,260,125)
Program distributions (existing - removal of sunset date) p. 5 (current usage)	\$0 to (\$1,697,307)	\$0 to (\$3,768,023)	\$0 to (\$3,956,424)
<u>Total Costs - DHEWD</u>	<u>(\$63,587 to \$5,010,894)</u>	<u>(\$65,447 to \$7,245,970)</u>	<u>(\$66,461 to \$7,606,010)</u>
FTE Change - DHEWD	1 FTE	1 FTE	1 FTE
<u>Costs – ITSD (§173.2553) p. 5</u>			
System development costs & support	(\$137,792)	(\$28,247)	(\$28,953)
<u>Revenue Reduction – loss of withholding tax – redirected to the Time Zone Fund (§620.2250) p. 7</u>	<u>\$0 to (\$5,000,000)</u>	<u>\$0 to (\$5,000,000)</u>	<u>\$0 to (\$5,000,000)</u>
<b>ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND</b>	<b><u>(\$201,379 to \$10,148,686)</u></b>	<b><u>(\$93,694 to \$12,274,217)</u></b>	<b><u>(\$95,414 to \$12,634,963)</u></b>
Estimated Net FTE Change on the General Revenue Fund	1 FTE	1 FTE	1 FTE
<u>FISCAL IMPACT – State Government (continued)</u>	FY 2023 (10 Mo.)	FY 2024	FY 2025
<b>FAST TRACK WORKFORCE INCENTIVE GRANT FUND</b>			

<u>Transfer In</u> – from General Revenue	\$4,947,307	\$7,180,523	\$7,539,549
<u>Costs</u> – DHEWD – program disbursements	<u>(\$4,947,307)</u>	<u>(\$7,180,523)</u>	<u>(\$7,539,549)</u>
<b>ESTIMATED NET EFFECT TO THE FAST TRACK WORKFORCE INCENTIVE GRANT FUND</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>
<b>TIME ZONE FUND</b>			
<u>Revenue</u> – withholding tax collected from new jobs (§620.2250)	\$0 to \$5,000,000	\$0 to \$5,000,000	\$0 to \$5,000,000
<u>Costs</u> – DED (must not exceed 10%) (§620.2250)	\$0 or ...	\$0 or ...	\$0 or ...
Personal service	(\$36,305)	(\$51,168)	(\$51,679)
Fringe benefits	(\$24,500)	(\$29,692)	(\$29,990)
Equipment and expense	<u>(\$16,065)</u>	<u>(\$5,708)</u>	<u>(\$5,822)</u>
<u>Total Costs</u> - DED	<u>(\$74,193)</u>	<u>(\$86,568)</u>	<u>(\$87,491)</u>
FTE Change - DED	0 or 1 FTE	0 or 1 FTE	0 or 1 FTE
<u>Transfer-out</u> – to local political subdivisions (§620.2250)	\$0 to (\$5,000,000)	\$0 to (\$5,000,000)	\$0 to (\$5,000,000)
<b>ESTIMATED NET EFFECT ON THE TIME ZONE FUND</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>
Estimated Net FTE Change on Time Zone	0 or 1 FTE	0 or 1 FTE	0 or 1 FTE

<u>FISCAL IMPACT – Local Government</u>	FY 2023 (10 Mo.)	FY 2024	FY 2025
<b>LOCAL POLITICAL SUBDIVISIONS</b>			
<u>Transfer-in – from the TIME Zone Fund (§620.2250)</u>	\$0 to \$5,000,000	\$0 to \$5,000,000	\$0 to \$5,000,000
<u>Costs – administration of TIME Zone developments (§620.2250)</u>	\$0 to (\$5,000,000)	\$0 to (\$5,000,000)	\$0 to (\$5,000,000)
<b>ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>

FISCAL IMPACT – Small Business

This proposal could have a positive impact on small businesses if it leads to more students participating in apprentice programs. (§173.2553)

Small businesses that qualify for the programs in this proposal would be impacted. (§620.2250)

FISCAL DESCRIPTION

JOINT COMMITTEE ON RURAL ECONOMIC DEVELOPMENT

This act establishes the Joint Committee on Rural Economic Development, which shall be composed of five members of the Senate to be appointed by the President Pro Tem, no more than three of which shall be from the majority party, and five members of the House of Representatives to be appointed by the Speaker of the House of Representatives, no more than three of which shall be from the majority party. The Committee shall investigate and examine issues relating to the economic development of rural areas of the state, as described in the act. The Committee may submit a report of its activities to the General Assembly, which shall include any recommendations for legislative action or administrative and procedural changes. (§21.915)

FAST TRACK WORKFORCE INCENTIVE GRANT

This act modifies provisions relating to the Fast Track Workforce Incentive Grant program.

Under the act, an eligible student shall include an individual who is enrolled with an eligible training provider, as such term is defined in the act.

Occupations relating to eligible apprenticeships are added to the programs of study that the Coordinating Board for Higher Education shall annually review.

Grants shall be awarded in an amount equal to the related educational costs for an eligible apprentice after all other governmental assistance provided for the apprenticeship has been applied.

This act repeals requirements that the eligible student complete counseling and execute a promissory note in order to be eligible for a grant.

This act shall sunset on August 28, 2029, unless reauthorized by the General Assembly. (Section 173.2553)

## TARGETED INDUSTRIAL MANUFACTURING ENHANCEMENT ZONES

This act establishes the "Targeted Industrial Manufacturing Enhancement Zones Act".

This act allows any two or more contiguous or overlapping political subdivisions, as defined in the act, to create targeted industrial manufacturing enhancement (TIME) zones for the purpose of completing infrastructure projects to promote economic development. Prior to the creation of a TIME zone, each political subdivision shall propose an ordinance or resolution that sets forth the names of the political subdivisions which will form the 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. The political subdivisions shall hold a public hearing prior to approving the ordinance or resolution creating the TIME zone.

This act allows the zone board governing the TIME zone to retain twenty-five percent of withholding taxes on new jobs created within the TIME zone to fund improvements made in the TIME zone. Prior to retaining such withholding taxes, the zone board shall enter into an agreement with the Department of Economic Development. Such agreement shall specify the estimated number of new jobs to be created, the estimated average wage of new jobs to be created, the estimated net fiscal impact of the new jobs, the estimated costs of improvements, and the estimated amount of withholding tax to be retained over the period of the agreement. The Department shall not approve an agreement unless the zone board commits to the creation of a certain number of new jobs, as described in the act.

The term of such agreement shall not exceed ten years. A zone board may apply to the Department for approval to renew any agreement. In determining whether to approve the renewal of an agreement, the Department shall consider the number of new jobs created and the average wage and net fiscal impact of such new jobs, and the outstanding improvements to be made within the TIME zone, the funding necessary to complete such improvements, and any other factor the Department requires. 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 creation requirements by the end of the agreement, the Department shall recapture the withholding taxes retained by the zone board.

The zone board shall submit an annual report to the Department and to the General Assembly, as described in the act.

No political subdivision shall establish a TIME zone with boundaries that overlap the boundaries of an advanced industrial manufacturing (AIM) zone.

The total amount of withholding taxes retained by TIME zones under this act shall not exceed \$5 million per year.

No new TIME zone shall be created after August 28, 2025. (Section 620.2250)

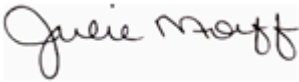
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

#### SOURCES OF INFORMATION

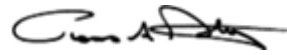
Attorney General's Office  
Department of Commerce and Insurance  
Department of Elementary and Secondary Education  
Department of Higher Education and Workforce Development  
Department of Health and Senior Services  
Department of Mental Health  
Department of Natural Resources  
Department of Corrections  
Department of Revenue  
Department of Public Safety –  
    Division of Alcohol and Tobacco Control  
    Director's Office  
    Missouri Gaming Commission  
    Missouri Highway Patrol  
    State Emergency Management Agency  
Department of Social Services  
Missouri Department of Agriculture  
Missouri Department of Conservation  
Missouri Department of Transportation  
MoDOT & Patrol Employees' Retirement System  
Office of Administration  
Office of Administration - Budget and Planning  
Office of the State Public Defender  
University of Missouri

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City of Claycomo  
City of Springfield  
Missouri State University  
University of Central Missouri  
Office of the State Treasurer  
Missouri House of Representatives  
Joint Committee on Administrative Rules  
Missouri Senate



Julie Morff  
Director  
February 20, 2022



Ross Strobe  
Assistant Director  
February 20, 2022