

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1352S.01I
Bill No.: SB 103
Subject: Economic Development; Department of Economic Department
Type: Original
Date: February 2, 2025

Bill Summary: This proposal modifies provisions relating to the Missouri Works Program.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
Total Estimated Net Effect on FTE	0	0	0

- 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.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Sections 620.2010 MO Works Program

The Missouri Works program was created in 2013 and allows large companies that invest the delineated amount of money into their factories outlined in this statute or retain a certain number of jobs to receive a tax credit and/or retain employee withholding tax. The program has a cap of \$126 million, of which \$10 million is reserved for car manufacturers, and another \$10 million is reserved for infrastructure projects.

For fiscal note purposes, DOR is providing the authorization, issuances and redemption of the credits for this program since it began. DOR is also showing how much of the withholding tax is being retained by the participating companies.

Year	Authorized	Issued	Withholding	Total Redeemed
FY 2024	\$80,281,795.00	\$101,742,273.72	\$55,467,750.68	\$114,459,428.58
FY 2023	\$58,234,898.00	\$139,364,971.66	\$59,039,193.29	\$100,419,077.97
FY 2022	\$80,498,453.00	\$131,465,595.90	\$81,460,659.34	\$134,716,930.11
FY 2021	\$230,661,649.74	\$112,293,173.91	\$51,694,704.48	\$100,393,655.20
FY 2020	\$153,823,786.33	\$134,393,278.36	\$81,074,270.49	\$113,472,125.29
FY 2019	\$100,482,945.49	\$82,326,471.67	\$39,414,426.91	\$64,786,980.04
FY 2018	\$185,732,973.08	\$45,830,250.31	\$36,394,962.32	\$56,398,908.94
FY 2017	\$155,506,188.16	\$35,547,214.37	\$20,546,348.51	\$35,065,682.60
FY 2016	\$114,719,436.24	\$23,741,677.22	\$12,010,486.07	\$12,075,788.82
FY 2015	\$289,578,581.00	\$3,588,784.56	\$3,588,784.56	\$3,588,784.56
FY 2014	\$116,445,144.00	\$146,923.00	\$146,923.00	\$146,923.00

The MO Works program is scheduled to end June 30, 2025. This proposal changes its scheduled stop day to June 30, 2031. DOR notes this proposal would become effective August 28, 2025, after the program has been terminated. DOR assumes this would result in a loss to general revenue of up to the \$126 million cap on the program until fiscal year 2031.

Officials from the **Department of Economic Development**, the **Office of the Secretary of State**, the **Joint Committee on Administrative Rules**, the **Office of Administration – Budget & Planning**, and the **Office of the Secretary of State** each assume the proposal will have no fiscal impact on their organization. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note.

Oversight notes DED, in response to the further questions regarding this proposal, assume this legislation is not an extension of the whole program, Missouri Works. It is only extending the section about the Deal Closing Fund. The 21.5% that can be utilized for Deal Closing Fund falls into the \$126M cap for MO Works. By extending this section, it is just allowing the Deal Closing Fund to use up to 21.5% of the MO Works tax credit cap instead of pulling additional money out of GR.

Oversight notes Section 620.2010.7 is modified to combine the Deal Closing Fund (DCF) sunset date with the overall Missouri Works (MO Works) program sunset date which simplifies the overall program, since they work in conjunction.

DED provides breakdown of MO Works as follows:

- \$100 M – zone works, rural works, statewide works, mega 140 works, mega 120 works
- \$6 M – Retention projects
- \$10 M – Infrastructure Projects
- \$10 M – Retention - Auto Manufacturing

Deal Closing Fund 21.5% of \$126M

Oversight notes that the overall maximum cap for MO Works will not change, instead allows DED to draw up to \$27,090,000 (126 M x 21.5%) money from the overall MO Works program available beyond June 30, 2025, to the Deal Making Fund. Therefore, **Oversight** will reflect zero impact in the fiscal note, stemming from the Sunset Extension for this Section.

<u>FISCAL IMPACT – State Government</u>	FY 2026 (10 Mo.)	FY 2027	FY 2028
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2026 (10 Mo.)	FY 2027	FY 2028
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT – Small Business

A direct fiscal impact to small businesses that are allowed to participate in the Works program would be expected as a result of this proposal.

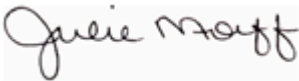
FISCAL DESCRIPTION

Current law authorizes the Department of Economic Development to award to qualified companies meeting certain criteria Missouri Works incentives prior to completing a project and creating new jobs, with such option scheduled to expire on June 30, 2025. This act extends such option until June 30, 2031.

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 Revenue
Office of the Secretary of State
Joint Committee on Administrative Rules
Department of Economic Development
Office of Administration – Budget & Planning
Oversight Division



Julie Morff
Director
February 2, 2025



Jessica Harris
Assistant Director
February 2, 2025