

SECOND REGULAR SESSION
SENATE COMMITTEE SUBSTITUTE FOR
SENATE BILL NO. 1180
92ND GENERAL ASSEMBLY

Reported from the Committee on Economic Development, Tourism and Local Government, March 4, 2004, with recommendation that the Senate Committee Substitute do pass.

3051S.05C

TERRY L. SPIELER, Secretary.

AN ACT

To repeal sections 135.207 and 135.215, RSMo, and to enact in lieu thereof eleven new sections relating to economic development districts, with an emergency clause.

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

Section A. Sections 135.207 and 135.215, RSMo, are repealed and eleven new sections enacted in lieu thereof, to be known as sections 135.207, 135.212, 135.215, 172.950, 172.952, 172.954, 172.956, 172.958, 172.960, 172.962, and 172.964, to read as follows:

135.207. 1. (1) Any city with a population of at least three hundred fifty thousand inhabitants which is located in more than one county and any city not within a county, which includes an existing state designated enterprise zone within the corporate limits of the city may each, upon approval of the local governing authority of the city and the director of the department of economic development, designate up to three satellite zones within its corporate limits. A prerequisite for the designation of a satellite zone shall be the approval by the director of a plan submitted by the local governing authority of the city describing how the satellite zone corresponds to the city's overall enterprise zone strategy.

(2) Any Missouri community classified as a village whose borders lie adjacent to a city with a population in excess of three hundred fifty thousand inhabitants as described in subdivision (1) of this subsection, and which has within the corporate limits of the village a factory, mining operation, office, mill, plant or warehouse which has at least three thousand employees and has an investment in plant, machinery and equipment of at least two hundred million dollars may, upon securing approval of the director and the local governing authorities of the village and the adjacent city which contains an existing state-designated enterprise zone, designate one satellite zone to be located within the corporate limits of the village, such zone to be in addition to the six authorized in subdivision (1) of this subsection.

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

(3) Any geographical area partially contained within any city not within a county and partially contained within any county of the first classification with a charter form of government with a population of nine hundred thousand or more inhabitants, which area is comprised of a total population of at least four thousand inhabitants but not more than seventy-two thousand inhabitants, and which area consists of at least one fourth class city, and has within its boundaries a military reserve facility and a utility pumping station having a capacity of ten million cubic feet, may, upon securing approval of the director and the appropriate local governing authorities as provided for in section 135.210, be designated as a satellite zone, such zone to be in addition to the six authorized in subdivision (1) of this subsection.

(4) In addition to all other satellite zones authorized in this section, any home rule city with more than seventy-three thousand but less than seventy-five thousand inhabitants, which includes an existing state-designated enterprise zone within the corporate limits of the city, may, upon approval of the local governing authority of the city and director of the department of economic development, designate a satellite zone within its corporate limits. A prerequisite for the designation of a satellite zone pursuant to this subdivision shall be the approval by the director of the department of economic development of a plan submitted by the local governing authority of such city describing how the satellite zone corresponds to the city's overall enterprise zone strategy.

(5) In addition to all other satellite zones authorized in this section, any home rule city with more than one hundred thirteen thousand two hundred but less than one hundred thirteen thousand three hundred inhabitants, which includes an existing state-designated enterprise zone within the corporate limits of the city, may, upon approval of the local governing authority of the city and director of the department of economic development, designate a satellite zone within its corporate limits along the southwest corner of any intersection of two United States interstate highways. A prerequisite for the designation of a satellite zone pursuant to this subdivision shall be the approval by the director of the department of economic development of a plan submitted by the local governing authority of such city describing how the satellite zone corresponds to the city's overall enterprise zone strategy.

(6) In addition to all other satellite zones authorized in this section, any home rule city with more than one hundred fifty-one thousand five hundred but less than one hundred fifty-one thousand six hundred inhabitants which includes an existing state-designated enterprise zone within the corporate limits of the city may, upon approval of the governing authority of the city and the director of the department of economic development, designate one satellite zone within its corporate limits. No satellite zone shall be designated pursuant to this subdivision until the governing authority of the city submits a plan describing how the satellite zone corresponds to the city's overall enterprise zone strategy and the director

approves the plan.

(7) In addition to all other satellite zones authorized in this section, any city of the fourth classification with more than three thousand eight hundred but less than four thousand inhabitants and located in more than one county and which city lies adjacent to any home rule city with more than one hundred thirteen thousand two hundred but less than one hundred thirteen thousand three hundred inhabitants and which contains an enterprise zone may, upon approval of the director and the governing authorities of the city of the fourth classification and the home rule city, designate one satellite zone within its corporate limits. The satellite enterprise zone authorized by this subsection shall be designated only if it meets the criteria established by subsection 2 of this section. Retail businesses, as identified by the 1997 North American Industry Classification System (NAICS) sector numbers 44 to 45, located within the satellite enterprise zone shall be eligible for all benefits provided pursuant to the provisions of sections 135.200 to 135.258.

2. For satellite zones designated pursuant to the provisions of subdivisions (1) and (3) of subsection 1 of this section, the satellite zones, in conjunction with the existing state-designated enterprise zone shall meet the following criteria:

(1) The area is one of pervasive poverty, unemployment, and general distress, or one in which a large number of jobs have been lost, a large number of employers have closed, or in which a large percentage of available production capacity is idle. For the purpose of this subdivision, "large number of jobs" means one percent or more of the area's population according to the most recent decennial census, and "large number of employers" means over five;

(2) At least fifty percent of the residents living in the area have incomes below eighty percent of the median income of all residents within the state of Missouri according to the last decennial census or other appropriate source as approved by the director;

(3) The resident population of the existing state-designated enterprise zone and its satellite zones must be at least four thousand but not more than seventy-two thousand at the time of designation;

(4) The level of unemployment of persons, according to the most recent data available from the division of employment security or from the United States Bureau of Census and approved by the director, within the area exceeds one and one-half times the average rate of unemployment for the state of Missouri over the previous twelve months, or the percentage of area residents employed on a full-time basis is less than sixty percent of the statewide percentage of residents employed on a full-time basis.

3. A qualified business located within a satellite zone shall be subject to the same eligibility criteria and can be eligible to receive the same benefits as a qualified facility in

sections 135.200 to [135.255] 135.258.

135.212. 1. In addition to any other enterprise zones authorized in this chapter, the department of economic development shall designate one enterprise zone in any county of the third classification without a township form of government and with more than thirty-two thousand five hundred but less than thirty-two thousand six hundred inhabitants. Such enterprise zone designations shall have the same boundaries as such county, and shall only be made if the area to be included in the enterprise zone meets all the requirements of section 135.205.

2. In addition to any other enterprise zones authorized in this chapter, the department of economic development shall designate one enterprise zone that shall have boundaries that are the same as any city of the fourth classification with more than one thousand eight hundred but less than one thousand nine hundred inhabitants and located in three counties. Such enterprise zone designation shall only be made if the area that is to be included in the enterprise zone meets all the requirements of section 135.205.

3. In addition to any other enterprise zones authorized in this chapter, the department of economic development shall designate one enterprise zone that shall have boundaries that are the same as any city of the fourth classification with more than one thousand but less than one thousand one hundred inhabitants and located in any county of the third classification without a township form of government and with more than forty-one thousand one hundred but less than forty-one thousand two hundred inhabitants. Such enterprise zone designation shall only be made if the area that is to be included in the enterprise zone meets all the requirements of section 135.205.

4. In addition to any other enterprise zones authorized in this chapter, the department of economic development shall designate one enterprise zone that shall have boundaries that are the same as any city of the fourth classification with more than twelve thousand one hundred but less than twelve thousand four hundred inhabitants. Such enterprise zone designation shall only be made if the area that is to be included in the enterprise zone meets all the requirements of section 135.205.

5. In addition to any other enterprise zones authorized in this chapter, the department of economic development shall designate one enterprise zone that shall have boundaries that are the same as any city of the fourth classification with more than nine thousand six hundred but less than nine thousand seven hundred inhabitants. Such enterprise zone designation shall only be made if the area that is to be included in the enterprise zone meets all the requirements of section 135.205.

6. In addition to any other enterprise zones authorized pursuant to this chapter, the department of economic development shall designate one enterprise zone that shall have boundaries that are the same as any county of the third classification without a township form of government and with more than thirteen thousand seventy-five but less than thirteen thousand one hundred seventy-five inhabitants. Such enterprise zone designation shall only be made if the area that is to be included in the enterprise zone meets all the requirements of section 135.205.

7. In addition to any other enterprise zones authorized in this chapter, the department of economic development shall designate one enterprise zone in the portions of any city of the fourth classification with more than three thousand eight hundred but less than four thousand inhabitants and located in more than one county and any home rule city with more than one hundred thirteen thousand two hundred but less than one hundred thirteen thousand three hundred inhabitants which include a political subdivision that receives a portion of its funding from section 163.031, RSMo, and is located in part in any home rule city with more than four hundred thousand inhabitants and located in more than one county. Such enterprise zone shall only be made if the area to be included in the enterprise zone meets all the requirements of section 135.205.

8. In addition to any other enterprise zones authorized pursuant to this chapter, the department of economic development shall designate one enterprise zone that shall have boundaries that are the same as any city of the fourth classification with more than four thousand three hundred but less than four thousand five hundred located in a county of the first classification with more than ninety-three thousand eight hundred but less than ninety-three thousand nine hundred inhabitants. Such enterprise zone designation shall only be made if the area that is to be included in the enterprise zone meets all the requirements of section 135.205.

9. In addition to any other enterprise zones authorized pursuant to this chapter, the department of economic development shall designate one enterprise zone that shall have boundaries that are the same as any city of the fourth classification with more than five thousand four hundred but less than five thousand five hundred inhabitants and located in more than one county. Such enterprise zone designation shall only be made if the area that is to be included in the enterprise zone meets all the requirements of section 135.205.

135.215. 1. Improvements made to "real property" as such term is defined in section 137.010, RSMo, which are made in an enterprise zone subsequent to the date such zone or expansion thereto was designated, may upon approval of an authorizing resolution by the

governing authority having jurisdiction of the area in which the improvements are made, be exempt, in whole or in part, from assessment and payment of ad valorem taxes of one or more affected political subdivisions, provided that, except as to the exemption allowed under subsection 3 of this section, at least fifty new jobs that provide an average of at least thirty-five hours of employment per week per job are created and maintained at the new or expanded facility. Such authorizing resolution shall specify the percent of the exemption to be granted, the duration of the exemption to be granted, and the political subdivisions to which such exemption is to apply and any other terms, conditions or stipulations otherwise required. A copy of the resolution shall be provided the director within thirty calendar days following adoption of the resolution by the governing authority.

2. No exemption shall be granted until the governing authority holds a public hearing for the purpose of obtaining the opinions and suggestions of residents of political subdivisions to be affected by the exemption from property taxes. The governing authority shall send, by certified mail, a notice of such hearing to each political subdivision in the area to be affected and shall publish notice of such hearing in a newspaper of general circulation in the area to be affected by the exemption at least twenty days prior to the hearing but not more than thirty days prior to the hearing. Such notice shall state the time, location, date and purpose of the hearing.

3. Notwithstanding subsection 1 of this section, at least one-half of the ad valorem taxes otherwise imposed on subsequent improvements to real property located in an enterprise zone shall become and remain exempt from assessment and payment of ad valorem taxes of any political subdivision of this state or municipality thereof for a period of not less than ten years following the date such improvements were assessed, provided the improved properties are used for assembling, fabricating, processing, manufacturing, mining, warehousing or distributing properties.

4. No exemption shall be granted for a period more than twenty-five years following the date on which the original enterprise zone was designated by the department **except for any enterprise zone within any home rule city with more than one hundred fifty-one thousand five hundred but less than one hundred fifty-one thousand six hundred inhabitants provided in any instance the exemption shall not be granted for a period longer than twenty-five years.**

5. The provisions of subsection 1 of this section shall not apply to improvements made to real property which have been started prior to August 28, 1991.

6. The mandatory abatement referred to in this section shall not relieve the assessor or other responsible official from ascertaining the amount of the equalized assessed value of all taxable property annually as required by section 99.855, RSMo, and shall not have the effect of reducing the payments in lieu of taxes referred to in subdivision (2) of section 99.845, RSMo, unless such reduction is set forth in the plan approved by the governing body

of the municipality pursuant to subdivision (1) of section 99.820, RSMo.

172.950. Sections 172.950 to 172.964 shall be known and may be cited as the "Life Sciences Reinvestment Act".

172.952. As used in sections 172.950 to 172.964, the following terms shall mean:

(1) "Collecting officer", the officer of a tax district responsible for receiving and processing payments in lieu of taxes or new tax revenue from taxpayers or the department of revenue;

(2) "Commissioner", a member of a reinvestment commission;

(3) "District" or "life sciences reinvestment district", a geographical area established pursuant to section 172.954 to enhance the capacity for research, development, technology transfer, and technology commercialization;

(4) "Life sciences company", any for-profit company, including related facilities, whose primary activities are in agriculture, pharmaceuticals, biomedical, health care, or food ingredients, and whose Standard Industrial Code classifications, the primary standard industrial classification as such classifications are defined in the 1987 edition of the Standard Industrial Classification Manual as prepared by the Executive Office of the President, Office of Management and Budget, are 202, 207, 283, 284, 286, 287, 384, 806, 807, 2491, 2824, 3821, 3826, 3851, 7372, 7374, 8731, or 8734, or corresponding or similar such codes of the North American Industry Classification System (NAICS), as determined by the research board;

(5) "Life sciences institution", any public or private not-for-profit academic, research, or health care institution or organization engaged in competitive research, development, technology transfer, workforce development, or technology commercialization in the life sciences, or any not-for-profit entity engaged in activities designed to advance the life sciences industry;

(6) "Life sciences project", any project undertaken by a life sciences institution located within a life sciences reinvestment district for the primary purpose of increasing the capacity for researching, developing, transferring, or commercializing life sciences;

(7) "New tax revenue", the total additional revenue from taxes which are collected from any life sciences company and any individual directly employed by a life sciences company by the department of revenue or any municipality or other taxing district within a life sciences reinvestment district, and which are generated by economic activities of such life sciences company or any individual directly employed by a life sciences company within a district over the amount of such taxes generated by such economic activities within such district in the

calendar year prior to the designation of such a district, including state income tax revenues pursuant to chapter 143, RSMo, state sales tax revenues pursuant to chapter 144, RSMo, and local real property tax revenues. New tax revenue to the state shall not include revenue captured by or dedicated to an existing or subsequently created state tax increment financing district or arrangement or any existing or subsequently created state economic development incentives. New tax revenue to a municipality or other taxing district shall not include revenue captured by or dedicated to an existing or subsequently created non-state tax increment financing district or arrangement or any existing or subsequently created non-state economic development incentives;

(8) "Ordinance", an ordinance enacted by the governing body of a city, town, village, or county or an order of the governing body of a county whose governing body is not authorized to enact ordinances;

(9) "Payment in lieu of taxes", those state income tax revenues, state sales tax revenues, and estimated revenues from real property of a life sciences company in a life sciences reinvestment district, which taxing districts would have received had the reinvestment district not been established and which would result from levies made after the time of the designation of the district during the time the current equalized value of real property in the district exceeds the total initial equalized value of real property in such area until the designation is terminated;

(10) "Reinvestment commission", a life sciences reinvestment commission established pursuant to section 172.956, RSMo, in each life sciences reinvestment district and which implements life sciences projects to enhance the capacity for research, development, technology transfer, and technology commercialization;

(11) "Research board", the life sciences research board established pursuant to section 196.1103, RSMo;

(12) "State income tax revenues", the state income tax withheld on behalf of all employees by a life sciences company pursuant to section 143.221, RSMo, at the facility located within a life sciences reinvestment district. The state income tax withholding allowed by this section shall be the department of revenue's estimate of the amount of state income tax withheld by the life sciences company within the district for all employees who are directly employed by the life sciences company;

(13) "State sales tax revenues", the incremental increase in the general revenue portion of state sales tax revenues received pursuant to section 144.020, RSMo, from sales at retail by life sciences companies within a life sciences reinvestment district, excluding sales taxes that are constitutionally dedicated, taxes deposited to the school district trust fund in accordance with section 144.701, RSMo, sales and use taxes on motor vehicles, trailers, boats, and outboard motors,

and future sales taxes earmarked by law. The incremental increase in the general revenue portion of state sales tax revenues for an existing or relocated life sciences company shall be the amount that current state sales tax revenue exceeds the state sales tax revenue in the base year as determined by a life sciences reinvestment commission;

(14) "Taxing district", any political subdivision having the power to levy taxes, located within a life sciences reinvestment district and which contains a life sciences company.

172.954. 1. Eight life sciences reinvestment districts are hereby established, subject to the following provisions:

(1) One Kansas City area district is established within the geographical area encompassing Jackson, Clay, and Platte counties. In the event any part of a municipality is located within any one of these counties and also encompasses a part of another Missouri county, the entire area encompassed within the city limits of such municipality shall be a part of the geographic area of the Kansas City area district;

(2) One St. Louis area district is established within the geographical area encompassing the city of St. Louis, St. Louis, St. Charles, Jefferson, and Franklin counties. In the event any part of a municipality is located within any one of these counties and also encompasses a part of another Missouri county, the entire area encompassed within the city limits of such municipality shall be a part of the geographic area of the St. Louis area district;

(3) One central Missouri district is established within the geographical area encompassing Phelps, Boone, and Callaway counties. In the event any part of a municipality is located within any one of these counties and also encompasses a part of another Missouri county, the entire area encompassed within the city limits of such municipality shall be a part of the geographic area of the central Missouri area district;

(4) One Springfield area district is established within the geographical area encompassing Greene, Christian, Stone, Taney, and Webster counties. In the event any part of a municipality is located within any one of these counties and also encompasses a part of another Missouri county, the entire area encompassed within the city limits of such municipality shall be a part of the geographic area of the Springfield area district;

(5) One St. Joseph area district is established within the geographical area encompassing Buchanan and Andrew counties. In the event any part of a municipality is located within any one of these counties and also encompasses a part of another Missouri county, the entire area encompassed within the city limits

of such municipality shall be a part of the geographic area of the St. Joseph area district;

(6) One Joplin area district is established within the geographical area encompassing Jasper and Newton counties. In the event any part of a municipality is located within any one of these counties and also encompasses a part of another Missouri county, the entire area encompassed within the city limits of such municipality shall be a part of the geographic area of the Joplin area district;

(7) One Cape Girardeau area district is established within the geographical area encompassing Gasconade, Crawford, Washington, Iron, Reynolds, Carter, Ripley, St. Francois, Madison, Wayne, Butler, Ste. Genevieve, Perry, Bollinger, Cape Girardeau, Scott, Stoddard, Dunklin, Mississippi, New Madrid, and Pemiscot counties. In the event any part of a municipality is located within any one of these counties and also encompasses a part of another Missouri county, the entire area encompassed within the city limits of such municipality shall be a part of the geographic area of the Cape Girardeau area district;

(8) One statewide district is established to include all geographical areas not encompassed within the geographical areas encompassed by the Kansas City, St. Louis, central Missouri, Springfield, or St. Joseph area districts.

2. Nothing in this section shall prevent one reinvestment district from collaborating with another reinvestment district to jointly implement life sciences projects. Such collaboration may include the combination of moneys received from taxing districts to implement life sciences projects.

172.956. 1. Each life sciences reinvestment district shall be overseen by a "Life Sciences Reinvestment Commission", which shall consist of a chairperson and four additional commissioners. The chairpersons and commissioners shall be selected according to the following:

(1) Chairpersons and commissioners shall be appointed by the governor with the advice and consent of the senate;

(2) Two commissioners with each reinvestment commission shall be generally familiar with life sciences research and life sciences technology transfer. Such familiarity may include technical or scientific experience in basic, translational, or clinical research and experience with obtaining federal or state intellectual property protection and intellectual property licensing;

(3) Two commissioners within each reinvestment commission shall be generally familiar with life sciences commercialization and life sciences infrastructure development. Such familiarity may include finance experience for life sciences reduction to practice, proof of concept, and achieving federal Food and Drug Administration approvals, and development of physical environments for

conducting life sciences research such as wet laboratory space, clean room facilities, and biohazard facilities;

(4) No commissioner shall serve more than two consecutive full four-year terms;

(5) Each commissioner shall be a qualified voter of the state of Missouri and a resident of either the county or city not within a county within the relevant district;

(6) The appointment of a person to the life sciences research committee created by executive order 01-10 issued by the governor on July 23, 2001, or the life sciences research board created pursuant to section 196.1103, RSMo, shall not disqualify a person from serving as a commissioner, either contemporaneously or later, on a reinvestment commission;

(7) Commissioners shall receive no salary or other compensation for their services as commissioners, but shall receive necessary travel and other expenses incurred while actually engaged in the discharge of their official duties; and

(8) In the event a commissioner or family member of a commissioner is directly or indirectly financially interested in the implementation of any life sciences project by the reinvestment commission, such commissioner shall disclose such information to the reinvestment commission and abstain from any formal or informal actions regarding such life sciences project. Such direct or indirect financial interest shall not preclude such interested commissioner from conducting other unrelated reinvestment commission business.

2. In the event a vacancy exists or in the event a reinvestment commissioner's term expires, a successor commissioner shall be appointed by the governor, and if no person is so selected within sixty days of the creation of the vacancy, the unexpired term of such commissioner may be filled by a majority vote of the remainder of the commissioners, provided that such successor commissioner shall meet the requirements set forth in this section. Commissioners appointed to fill unexpired terms shall only serve until such unexpired term expires. Pending any such appointment to fill any vacancy, the remaining commissioners may conduct reinvestment commission business.

3. Upon the vacancy of a chairperson appointed by the governor, the reinvestment commission shall elect a new chairperson from its commissioners. The reinvestment commission may appoint such officers and employ such employees as they may require for the performance of their duties and may fix and determine the qualifications, duties, and compensation of such officers and employees consistent with the provisions of sections 172.950 to 172.964, RSMo.

4. No action of the reinvestment commission shall be binding unless taken at a meeting at which at least a majority of the commissioners then appointed vote in favor of such action.

172.958. 1. The reinvestment commission shall review and prioritize applications for life sciences projects received from life sciences institutions within a life sciences reinvestment district. Applications for life sciences projects shall include details of the goals related to the life sciences project, the steps considered necessary to achieve such goals, and methods to measure success of the life sciences project.

2. The reinvestment commission shall submit the reviewed and prioritized applications for life sciences projects to the research board for approval. With the application, the reinvestment commission shall supply to the research board an application fee equivalent to the actual cost of expert review, not to exceed ten thousand dollars. Upon approval by the research board, the reinvestment commission may disburse funds received from taxing districts for the approved life sciences project.

172.960. 1. The department of revenue and each taxing district within the district shall, by ordinance or order, provide for the collection and transfer, by the collecting officer and on a regular basis as prescribed by such ordinance or order, of all new tax revenue and payments in lieu of taxes attributable to any life sciences company or any employees of a life sciences company located within the taxing district to the reinvestment commission where the revenue was generated.

2. Moneys transferred to a reinvestment commission shall be used exclusively by the reinvestment commission of the district where generated for the purpose of funding life sciences projects. Funds received by a reinvestment commission may be used for purposes authorized in sections 172.950 to 172.964 and shall be subject to the restrictions of sections 172.950 to 172.964, including but not limited to, the costs of life sciences project review, personnel, supplies, equipment, and renovation or construction of physical facilities. These moneys shall supplement existing services and funding and shall not be used to supplant any existing public funding for life sciences projects pursuant to sections 196.1100 to 196.1130, RSMo, or any other public law, funding, or appropriation.

3. Moneys transferred to the reinvestment commission shall be used to increase the capacity for life sciences research, development, technology transfer, life sciences workforce development, and technology commercialization at life sciences institutions within life sciences reinvestment districts.

4. Moneys transferred to the reinvestment commission that are not distributed by the reinvestment commission in any fiscal year, if any, shall be held

in reserve by the reinvestment commission.

5. Upon approval of the research board pursuant to section 172.958, RSMo, the reinvestment commission may implement life sciences project applications by:

(1) Awarding and entering into grants or contracts related to increasing Missouri's capacity for research, development, life sciences workforce development, technology transfer, and technology commercialization at life sciences institutions consistent with the provisions of sections 172.950 to 172.964, RSMo;

(2) Contracting for administrative and support services;

(3) Leasing or acquiring facilities and equipment;

(4) Employing administrative staff; and

(5) Receiving, retaining, holding, investing, disbursing, or administering any moneys that it receives from any source.

6. The reinvestment commission shall utilize as much of the moneys as reasonably possible for building capacity at life sciences institutions to enhance research, development, technology transfer, workforce development, and technology commercialization capabilities rather than for administrative expenses. The reinvestment commission shall not in any fiscal year expend more than two percent of its total moneys and of the moneys that it has in reserve or has received from other sources for its own administrative expenses, provided, however, that the general assembly by appropriation to a reinvestment commission may authorize a limited amount of additional moneys to be expended for administrative costs.

7. Grant or contract awards made shall provide for the reimbursement of costs. Whether reimbursement of specific costs is allowed depends on the application of a four-part test balancing, which shall include:

(1) The reasonableness of the cost;

(2) The connection to the grant or contract;

(3) The consistency demonstrated in assigning costs to the grant or contract;

and

(4) Conformance with the specific terms and conditions of the award or contract.

Reinvestment commissions may from time to time issue rules and guidelines consistent with such four-part test and provide grant and contract recipients with a list or other explanation of regularly permitted costs.

8. Funding of life sciences projects pursuant to sections 172.950 to 172.964 shall be limited by Missouri laws governing the expenditure of public funds including, but not limited to the provisions of section 196.1127, RSMo.

172.962. 1. Each reinvestment commission shall make provision for and secure from a public accounting firm an annual audit of its financial affairs and the moneys expended by the reinvestment commission. Such audit shall be performed on a fiscal year basis, and the cost of such audit shall not be considered as an administrative expense for purposes of subsection 6 of section 172.960. The reinvestment commissions shall make copies of each audit available to the public.

2. Every three years the reinvestment commissions, with the assistance of staff or independent contractors as determined by the reinvestment commissions, shall prepare comprehensive reports assessing the work and progress of enhancing, individually, life sciences research capacity, life sciences development capacity, life sciences technology transfer capacity, workforce development, and life sciences commercialization capacity. Such assessment reports shall analyze the impact of the life sciences programs approved by the reinvestment commissions, grants, and contracts performed, shall be provided to the governor and the general assembly, and shall be available to the public. The cost of such assessment reports shall not be considered an administrative expense for purposes of subsection 6 of section 172.960.

172.964. Any rule or portion of a rule, as that term is defined in section 536.010, RSMo, that is created under the authority delegated in sections 172.950 to 172.964 shall become effective only if it complies with and is subject to all of the provisions of chapter 536, RSMo, and, if applicable, section 536.028, RSMo. This section and chapter 536, RSMo, are nonseverable and if any of the powers vested with the general assembly pursuant to chapter 536, RSMo, to review, to delay the effective date, or to disapprove and annul a rule are subsequently held unconstitutional, then the grant of rulemaking authority and any rule proposed or adopted after August 28, 2004, shall be invalid and void.

Section B. Because immediate action is necessary to provide funding for life sciences research, development, technology transfer, and technology commercialization, section A of this act is deemed necessary for the immediate preservation of the public health, welfare, peace, and safety, and is hereby declared to be an emergency act within the meaning of the constitution, and section A of this act shall be in full force and effect upon its passage and approval.