

CONFERENCE COMMITTEE SUBSTITUTE

FOR

HOUSE COMMITTEE SUBSTITUTE

FOR

SENATE BILL NO. 302

AN ACT

To repeal sections 68.057, 68.075, and 135.963, RSMo, and to enact in lieu thereof six new sections relating to financial incentives for job creation.

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BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF MISSOURI, AS FOLLOWS:

1 Section A. Sections 68.057, 68.075, and 135.963, RSMo, are  
2 repealed and six new sections enacted in lieu thereof, to be  
3 known as sections 68.057, 68.075, 135.963, 393.355, 393.356, and  
4 393.1410, to read as follows:

5 68.057. Any expenditure made by a port authority, as  
6 defined in section 68.205, that is over twenty-five thousand  
7 dollars[, including professional service contracts,] shall be  
8 competitively bid. This section shall not apply to expenditures  
9 made to procure professional services, and procurement of such  
10 services shall adhere to the provisions of sections 8.285 to  
11 8.291.

12 68.075. 1. This section shall be known and may be cited as  
13 the "Advanced Industrial Manufacturing Zones Act".

14 2. As used in this section, the following terms shall mean:

15 (1) "AIM zone", an area identified through a resolution  
16 passed by the port authority board of commissioners appointed  
17 under section 68.045 that is being developed or redeveloped for

1 any purpose so long as any infrastructure and building built or  
2 improved is in the development area. The port authority board of  
3 commissioners shall file an annual report indicating the  
4 established AIM zones with the department of revenue;

5 (2) "County average wage", the average wages in each county  
6 as determined by the Missouri department of economic development  
7 for the most recently completed full calendar year. However, if  
8 the computed county average wage is above the statewide average  
9 wage, the statewide average wage shall be deemed the county  
10 average wage for such county for the purpose of determining  
11 eligibility;

12 (3) "New job", the number of full-time employees located at  
13 the project facility that exceeds the project facility base  
14 employment less any decrease in the number of full-time employees  
15 at related facilities below the related facility base employment.  
16 No job that was created prior to the date of the notice of intent  
17 shall be deemed a new job. An employee that spends less than  
18 fifty percent of the employee's work time at the facility is  
19 still considered to be located at a facility if the employee  
20 receives his or her directions and control from that facility, is  
21 on the facility's payroll, one hundred percent of the employee's  
22 income from such employment is Missouri income, and the employee  
23 is paid at or above the [state] county average wage.

24 3. Any port authority located in this state may establish  
25 an AIM zone. Such zone may only include the area within the port  
26 authority's jurisdiction, ownership, or control, and may include  
27 any such area. The port authority shall determine the boundaries  
28 for each AIM zone, and more than one AIM zone may exist within

1 the port authority's jurisdiction or under the port authority's  
2 ownership or control, and may be expanded or contracted by  
3 resolution of the port authority board of commissioners.

4 4. Fifty percent of the state tax withholdings imposed by  
5 sections 143.191 to 143.265 on new jobs within such zone after  
6 development or redevelopment has commenced shall not be remitted  
7 to the general revenue fund of the state of Missouri. Such  
8 moneys shall be deposited into the port authority AIM zone fund  
9 established under subsection 5 of this section for the purpose of  
10 continuing to expand, develop, and redevelop AIM zones identified  
11 by the port authority board of commissioners and may be used for  
12 managerial, engineering, legal, research, promotion, planning,  
13 satisfaction of bonds issued under section 68.040, and any other  
14 expenses.

15 5. There is hereby created in the state treasury the "Port  
16 Authority AIM Zone Fund", which shall consist of money collected  
17 under this section. The state treasurer shall be custodian of  
18 the fund and shall approve disbursements from the fund in  
19 accordance with sections 30.170 and 30.180 to the port  
20 authorities from which the funds were collected, less the  
21 pro-rata portion appropriated by the general assembly to be used  
22 solely for the administration of this section which shall not  
23 exceed ten percent of the total amount collected within the zones  
24 of a port authority. Notwithstanding the provisions of section  
25 33.080 to the contrary, any moneys remaining in the fund at the  
26 end of the biennium shall not revert to the credit of the general  
27 revenue fund. The state treasurer shall invest moneys in the  
28 fund in the same manner as other funds are invested. Any

1 interest and moneys earned on such investments shall be credited  
2 to the fund.

3 6. The port authority shall approve any projects that begin  
4 construction and disperse any money collected under this section.  
5 The port authority shall submit an annual budget for the funds to  
6 the department of economic development explaining how and when  
7 such money will be spent.

8 7. The provision of section 23.253 notwithstanding, no AIM  
9 zone may be established after August 28, 2023. Any AIM zone  
10 created prior to that date shall continue to exist and be  
11 coterminous with the retirement of all debts incurred under  
12 subsection 4 of this section. No debts may be incurred or  
13 reauthorized using AIM zone revenue after August 28, 2023.

14 135.963. 1. Improvements made to real property as such  
15 term is defined in section 137.010 which are made in an enhanced  
16 enterprise zone subsequent to the date such zone or expansion  
17 thereto was designated may, upon approval of an authorizing  
18 resolution or ordinance by the governing authority having  
19 jurisdiction of the area in which the improvements are made, be  
20 exempt, in whole or in part, from assessment and payment of ad  
21 valorem taxes of one or more affected political subdivisions.  
22 Improvements made to real property, as such term is defined in  
23 section 137.010, which are locally assessed and in a renewable  
24 energy generation zone designated as an enhanced enterprise zone,  
25 subsequent to the date such enhanced enterprise zone or expansion  
26 thereto was designated, may, upon approval of an authorizing  
27 resolution or ordinance by the governing authority having  
28 jurisdiction of the area in which the improvements are made, be

1 exempt, in whole or in part, from assessment and payment of ad  
2 valorem taxes of one or more affected political subdivisions. In  
3 addition to enhanced business enterprises, a speculative  
4 industrial or warehouse building constructed by a public entity  
5 or a private entity if the land is leased by a public entity may  
6 be subject to such exemption.

7 2. Such authorizing resolution shall specify the percent of  
8 the exemption to be granted, the duration of the exemption to be  
9 granted, and the political subdivisions to which such exemption  
10 is to apply and any other terms, conditions, or stipulations  
11 otherwise required. A copy of the resolution shall be provided  
12 to the director within thirty calendar days following adoption of  
13 the resolution by the governing authority.

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

25 4. Notwithstanding subsection 1 of this section, at least  
26 one-half of the ad valorem taxes otherwise imposed on subsequent  
27 improvements to real property located in an enhanced enterprise  
28 zone of enhanced business enterprises or speculative industrial

1 or warehouse buildings as indicated in subsection 1 of this  
2 section shall become and remain exempt from assessment and  
3 payment of ad valorem taxes of any political subdivision of this  
4 state or municipality thereof, if said political subdivision or  
5 municipality levies ad valorem taxes, for a period of not less  
6 than ten years following the date such improvements were  
7 assessed, provided the improved properties are used for enhanced  
8 business enterprises. The exemption for speculative buildings is  
9 subject to the approval of the governing authority for a period  
10 not to exceed two years if the building is owned by a private  
11 entity and five years if the building is owned or ground leased  
12 by a public entity. This shall not preclude the building  
13 receiving an exemption for the remaining time period established  
14 by the governing authority if it was occupied by an enhanced  
15 business enterprise. The two- and five-year time periods  
16 indicated for speculative buildings shall not be an addition to  
17 the local abatement time period for such facility.

18 5. No exemption shall be granted for a period more than  
19 twenty-five years [following the date on which the original  
20 enhanced enterprise zone was designated by the department],  
21 provided, however, that during the ten years prior to the  
22 expiration of an enhanced enterprise zone no exemption shall be  
23 granted for a period of more than ten years.

24 6. The provisions of subsection 1 of this section shall not  
25 apply to improvements made to real property begun prior to August  
26 28, 2004.

27 7. The abatement referred to in this section shall not  
28 relieve the assessor or other responsible official from

1     ascertaining the amount of the equalized assessed value of all  
2     taxable property annually as required by section 99.855, 99.957,  
3     or 99.1042 and shall not have the effect of reducing the payments  
4     in lieu of taxes referred to in subdivision (2) of subsection 1  
5     of section 99.845, subdivision (2) of subsection 3 of section  
6     99.957, or subdivision (2) of subsection 3 of section 99.1042  
7     unless such reduction is set forth in the plan approved by the  
8     governing body of the municipality pursuant to subdivision (1) of  
9     subsection 1 of section 99.820, section 99.942, or section  
10    99.1027.

11       393.355. 1. As used in this section, the following terms  
12    shall mean:

13       (1) "Aluminum smelting facility", a facility whose primary  
14    industry is the smelting of aluminum and primary metals, Standard  
15    Industrial Classification Code 3334, is located in a county of  
16    the third classification, and has had electrical service provided  
17    to said facility in the past, in part or whole, by a municipally-  
18    owned utility and, in part or whole, by an electric generating  
19    cooperative owned by rural electric cooperatives;

20       (2) "Electrical corporation", as defined in section  
21    386.020, but shall not include an electrical corporation as  
22    defined and set forth in subsection 2 of section 393.110;

23       (3) "Steel works facility", a facility whose primary  
24    industry is the production or fabrication of steel, North  
25    American Industrial Classification System 331110, and is located  
26    in a county of the third classification.

27       2. Notwithstanding section 393.130 or any other provision  
28    of law to the contrary, the public service commission shall have

1 the authority to approve a special rate that is not based on the  
2 electrical corporation's cost of service for an aluminum smelting  
3 facility or a steel works facility if the commission:

4 (1) Determines the special rate is in the interest of the  
5 state of Missouri when considering the collective interests of  
6 the customers of the electrical corporation serving the facility  
7 and the interests of the citizens of the state generally in  
8 promoting economic development, improving the tax base, providing  
9 employment opportunities in the state, and promoting such other  
10 benefits to the state as the commission may determine are created  
11 by approval of the special rate;

12 (2) In each general rate proceeding of the electrical  
13 corporation serving the facility, allocates the reduced revenues  
14 from the special rate as compared to the revenues that would have  
15 been generated at the rate the facility would have paid without  
16 the special rate to the electrical corporation's other customers  
17 through a uniform percentage adjustment to all components of the  
18 base rates of all customer classes; and

19 (3) Approves a tracking mechanism meeting the requirements  
20 of subsection 3 of this section.

21 3. Any commission order approving a special rate authorized  
22 by this section to provide service to an aluminum smelting  
23 facility or steel works facility in the manner specified in  
24 subsection 4 of this section shall establish a tracking mechanism  
25 to track changes in the net margin experienced by the electrical  
26 corporation serving the facility with the tracker to apply  
27 retroactively to the date the electrical corporation's base rates  
28 were last set in its last general rate proceeding concluded prior



1 to the effective date of this section. The commission shall  
2 ensure that the changes in net margin experienced by the  
3 electrical corporation are calculated in such a manner that the  
4 electrical corporation's net income is neither increased nor  
5 decreased. The changes in net margin shall be deferred to a  
6 regulatory liability or regulatory asset, as applicable, with the  
7 balance of such regulatory asset or liability to be included in  
8 the revenue requirement of the electrical corporation in each of  
9 its general rate proceedings through an amortization of the  
10 balance over a reasonable period until fully returned to or  
11 collected from the electrical corporation's customers.

12 4. An electrical corporation is authorized to provide  
13 electric service to an aluminum smelting facility or steel works  
14 facility at a special rate authorized by this section in one of  
15 two ways, as follows:

16 (1) Under a rate schedule reflecting the special rate if  
17 the facility is located within the electrical corporation's  
18 certificated service territory; or

19 (2) Notwithstanding section 393.170, under a contract  
20 reflecting the special rate approved by the commission under the  
21 terms and conditions of this section.

22  
23 In any case where the electric service is provided under contract  
24 referenced in subdivision (2) of this subsection, the facility  
25 shall be a commission-regulated retail electric customer of the  
26 electrical corporation and the rates, charges, and revenues under  
27 the contract shall, for ratemaking purposes, be treated by the  
28 commission as if the rates, charges, and revenues arise under the

1 electrical corporation's tariff.

2 5. To receive a special rate, the facility shall file a  
3 written application with the commission specifying the requested  
4 special rate, any terms or conditions proposed by the facility  
5 respecting the requested special rate, and provide information  
6 regarding how the requested special rate meets the criteria  
7 specified in subdivision (1) of subsection 2 of this section. A  
8 special rate provided for by this section shall not continue  
9 beyond December 31, 2027. The commission may impose such  
10 conditions on the special rate as it deems appropriate so long as  
11 it otherwise complies with the provisions of this section.

12 393.356. Electrical corporations may file proposed rate or  
13 regulatory mechanisms or plans with the commission for the  
14 commission's approval. If such a mechanism or plan is approved  
15 by the commission as filed or is approved by the commission with  
16 modifications acceptable to the electrical corporation, or if the  
17 commission approves a special rate under section 393.355, the  
18 commission shall lack the authority to modify or eliminate any  
19 such mechanism, plan, or special rate during the specified term.

20 393.1410. 1. It shall be the policy of the state of  
21 Missouri for the commission to support expenditures by electrical  
22 corporations that maintain or improve the reliability, safety,  
23 security, or automation of electric infrastructure, including  
24 through the use of the latest technologies to meet the needs and  
25 expectations of customers. It shall also be the policy of the  
26 state of Missouri for the commission to approve rates designed to  
27 allow electrical corporations to recover their full cost of  
28 service and provide a reasonable opportunity to earn a fair

1 return.

2 2. The commission may utilize rate adjustment mechanisms  
3 not otherwise specifically authorized by statute including, but  
4 not limited to, mechanisms to promote modernization and  
5 replacement of an electrical corporation's infrastructure. The  
6 commission may also use partially forecasted test years, true-ups  
7 of retail revenue requirement components, tracking mechanisms,  
8 grid modernization incentive mechanisms, interim rates,  
9 performance-based ratemaking, revenue decoupling with regular  
10 adjustments, or decisional pre-approval with post construction  
11 review of construction projects. To the extent the commission's  
12 approval of a rate adjustment mechanism or other mechanism  
13 provided for by this section specifies a term over which the  
14 approval is to continue, the commission shall lack the authority  
15 to modify or eliminate the electrical corporation's use of the  
16 mechanism or tool during the specified term.

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24 Paul Wieland

Becky Ruth