SECOND REGULAR SESSION

[P E R F E C T E D**]**

SENATE SUBSTITUTE FOR

SENATE COMMITTEE SUBSTITUTE FOR

SENATE BILL NO. 594

100TH GENERAL ASSEMBLY

INTRODUCED BY SENATOR HOUGH.

Offered March 4, 2020.

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ADRIANE D. CROUSE, Secretary.

3170S.08P

AN ACT

To repeal section 135.710, RSMo, and to enact in lieu thereof one new section relating to workforce development.

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

Section A. Section 135.710, RSMo, is repealed and one new section enacted in lieu thereof, to be known as section 620.2250, to read as follows:

620.2250. 1. This section shall be known and may be cited as the "Targeted Industrial Manufacturing Enhancement Zones Act".

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

(1) "County average wage", the average wage in each county as determined by the department for the most recently completed full calendar year. However, if the computed county average wage is above the statewide average wage, the statewide average wage shall be deemed the county average wage for such county for the purpose of determining eligibility;

(2) "Department", the Missouri department of economic development;

(3) "New job", the number of full-time employees located at the project facility that exceeds the project facility base employment less any decrease in the number of full-time employees at related facilities

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

below the related facility base employment. No job that was created prior to the date of the completion of an agreement pursuant to subsection 6 of this section and no job that is relocated from another location within this state shall be deemed a new job. An employee that spends less than fifty percent of the employee's work time at the facility is still considered to be located at a facility if the employee receives his or her directions and control from that facility, is on the facility's payroll, one hundred percent of the employee's income from such employment is Missouri income, and the employee is paid at or above the county average wage;

(4) "Political subdivision", a town, village, city, or county located in this state;

(5) "Related facility", a facility operated by a company or a related company prior to the establishment of the TIME zone in question, and which is directly related to the operations of the facility within the new TIME zone;

(6) "TIME zone", an area identified through an ordinance or resolution passed pursuant to subsection 4 of this section that is being developed or redeveloped for any purpose so long as any infrastructure or building built or improved is in the development area;

(7) "Zone board", the governing body of a TIME zone.

3. The governing bodies of at least two contiguous or overlapping political subdivisions in this state may establish one or more TIME zones, which shall be political subdivisions of the state, for the purposes of completing infrastructure projects to promote the economic development of the region. Such zones may only include the area within the governing bodies' jurisdiction, ownership, or control, and may include any such area. The governing bodies shall determine the boundaries for each TIME zone, and more than one TIME zone may exist within the governing bodies' jurisdiction or under the governing bodies' ownership or control, and may be expanded or contracted by resolution of the zone board.

4. (1) To establish a TIME zone, the governing bodies of at least two political subdivisions shall each propose an ordinance or resolution creating such zone. Such ordinance or resolution shall set forth the names of the political subdivisions which will form the TIME 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. Prior to approving such ordinance or resolution, each governing body shall hold a public hearing to consider the creation of the TIME zone and the proposed improvements therein. The governing bodies shall hear and pass upon all objections to the TIME zone and the proposed improvements, if any, and may amend the proposed improvements, and the plans and specifications therefor.

(2) After the passage or adoption of the ordinance or resolution creating the TIME Zone, governance of the TIME zone shall be by the zone board, which shall consist of seven members selected from the political subdivisions creating the TIME zone. Members of a zone board shall receive no salary or other compensation for their services as members, but shall receive their necessary traveling and other expenses incurred while actually engaged in the discharge of their official duties. The zone board may expand or contract such TIME zone through an ordinance or resolution following a public hearing conducted to consider such expansion or contraction.

5. The boundaries of the proposed TIME zone shall be described by metes and bounds, streets, or other sufficiently specific description.

6. (1) Prior to retaining any state withholding tax pursuant to subsection 9 of this section, a zone board shall enter into an agreement with the department. Such agreement shall include, but shall not be limited to:

(a) The estimated number of new jobs to be created;

(b) The estimated average wage of new jobs to be created;

(c) The estimated net fiscal impact of the new jobs;

(d) The estimated costs of the proposed improvements;

(e) The estimated amount of withholding tax to be retained pursuant to subsection 9 of this section over the period of the agreement; and

(f) A copy of the ordinance establishing the board and a list of its members.

(2) The department shall not approve an agreement with a zone board unless the zone board commits to creating the following number of new jobs:

(a) For a TIME zone with a total population of less than five

thousand inhabitants as determined by the most recent decennial census, a minimum of five new jobs with an average wage that equals or exceeds ninety percent of the county average wage;

(b) For a TIME zone with a total population of at least five thousand inhabitants but less than fifty thousand inhabitants as determined by the most recent decennial census, a minimum of ten new jobs with an average wage that equals or exceeds ninety percent of the county average wage;

(c) For a TIME zone with a total population of at least fifty thousand inhabitants but less than one hundred fifty thousand inhabitants as determined by the most recent decennial census, a minimum of fifteen new jobs with an average wage that equals or exceeds ninety percent of the county average wage; and

(d) For a TIME zone with a total population of at least one hundred fifty thousand inhabitants as determined by the most recent decennial census, a minimum of twenty-five new jobs with an average wage that equals or exceeds ninety percent of the county average wage.

7. (1) The term of the agreement entered into pursuant to subsection 6 of this section shall not exceed ten years. A zone board may apply to the department for approval to renew any agreement. Such application shall be made on forms provided by the department. In determining whether to approve the renewal of an agreement, the department shall consider:

(a) The number of new jobs created and the average wage and net fiscal impact of such jobs;

(b) The outstanding improvements to be made within the TIME zone and the funding necessary to complete such improvements; and

(c) Any other factor the department requires.

(2) 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 requirements pursuant to subdivision (2) of subsection 6 of this section by the end of the agreement, the department shall recapture from such zone board the amount of withholding tax retained by the zone board pursuant to this section and the department shall not approve the renewal of an agreement with such zone board.

(3) A zone board shall not retain any withholding tax pursuant to this section in excess of the costs of improvements completed by the

zone board.

8. If a qualified company is retaining withholding tax pursuant to sections 620.2000 to 620.2020 for new jobs, as such terms are defined in section 620.2005, that also qualify for the retention of withholding tax pursuant to this section, the department shall not authorize an agreement pursuant to this section that results in more than fifty percent of the withholding tax for such new jobs being retained pursuant to this section and sections 620.2000 to 620.2020.

9. Upon the completion of an agreement pursuant to subsection 6 of this section, twenty-five percent of the state tax withholdings imposed by sections 143.191 to 143.265 on new jobs within a TIME zone after development or redevelopment has commenced shall not be remitted to the general revenue fund of the state of Missouri. Such moneys shall be deposited into the TIME zone fund established pursuant to subsection 10 of this section for the purpose of continuing to expand, develop, and redevelop TIME zones identified by the zone board, and may be used for managerial, engineering, legal, research, promotion, planning, and any other expenses.

10. There is hereby created in the state treasury the "TIME Zone Fund", which shall consist of money collected under this section. The state treasurer shall be custodian of the fund and may approve disbursements from the fund in accordance with sections 30.170 and 30.180 to the zone boards of the TIME zones from which the funds were collected, less the pro-rata portion appropriated by the general assembly to be used solely for the administration of this section, which shall not exceed ten percent of the total amount collected within the TIME zones of a zone board. Notwithstanding the provisions of section 33.080 to the contrary, any moneys remaining in the fund at the end of the biennium shall not revert to the credit of the general revenue fund. The state treasurer shall invest moneys in the fund in the same manner as other funds are invested. Any interest and moneys earned on such investments shall be credited to the fund.

11. The zone board shall approve projects consistent with the provisions of this section that begin construction and disburse any money collected under this section. The zone board shall submit an annual budget for the funds to the department explaining how and when such money will be spent.

12. A zone board shall submit an annual report by December thirty-first of each year to the department and the general assembly. Such report shall include, but shall not be limited to:

(1) The locations of the established TIME zones governed by the zone board;

(2) The number of new jobs created within the TIME zones governed by the zone board;

(3) The average wage of the new jobs created within the TIME zones governed by the zone board; and

(4) The amount of withholding tax retained pursuant to subsection 9 of this section from new jobs created within the TIME zones governed by the zone board.

13. No political subdivision shall establish a TIME zone with boundaries that overlap the boundaries of an advanced industrial manufacturing zone established pursuant to section 68.075.

14. The total amount of withholding taxes retained by all TIME zones pursuant to the provisions of this section shall not exceed five million dollars per fiscal year.

15. The department may promulgate rules to implement the provisions of this section. Any rule or portion of a rule, as that term is defined in section 536.010, that is created under the authority delegated in this section shall become effective only if it complies with and is subject to all of the provisions of chapter 536 and, if applicable, section 536.028. This section and chapter 536 are nonseverable and if any of the powers vested with the general assembly pursuant to chapter 536 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, 2020, shall be invalid and void.

16. Pursuant to section 23.253 of the Missouri sunset act:

(1) The provisions of the new program authorized pursuant to this section shall sunset automatically on August 28, 2024, unless reauthorized by an act of the general assembly;

(2) If such program is reauthorized, the program authorized pursuant to this section shall sunset automatically twelve years after the effective date of the reauthorization; and

(3) This section shall terminate on September first of the

calendar year immediately following the calendar year in which the program authorized pursuant to this section is sunset.

[135.710. 1. As used in this section, the following terms mean:

(1) "Alternative fuel vehicle refueling property", property in this state owned by an eligible applicant and used for storing alternative fuels and for dispensing such alternative fuels into fuel tanks of motor vehicles owned by such eligible applicant or private citizens;

(2) "Alternative fuels", any motor fuel at least seventy percent of the volume of which consists of one or more of the following:

(a) Ethanol;

(b) Natural gas;

(c) Compressed natural gas, or CNG;

(d) Liquified natural gas, or LNG;

(e) Liquified petroleum gas, or LP gas, propane, or autogas;

(f) Any mixture of biodiesel and diesel fuel, without regard to any use of kerosene;

(g) Hydrogen;

(3) "Department", the department of economic development;

(4) "Electric vehicle recharging property", property in this state owned by an eligible applicant and used for recharging electric motor vehicles owned by such eligible applicant or private citizens;

(5) "Eligible applicant", a business entity or private citizen that is the owner of an electric vehicle recharging property or an alternative fuel vehicle refueling property;

(6) "Qualified Missouri contractor", a contractor whose principal place of business is located in Missouri and has been located in Missouri for a period of not less than five years;

(7) "Qualified property", an electric vehicle recharging property or an alternative fuel vehicle refueling property which, if constructed after August 28, 2014, was constructed with at least fifty-one percent of the costs being paid to qualified Missouri contractors for the:

(a) Fabrication of premanufactured equipment or process piping used in the construction of such facility;

(b) Construction of such facility; and

(c) General maintenance of such facility during the time period in which such facility receives any tax credit under this section.

If no qualified Missouri contractor is located within seventy-five miles of the property, the requirement that fifty-one percent of the costs shall be paid to qualified Missouri contractors shall not apply.

2. For all tax years beginning on or after January 1, 2015, but before January 1, 2018, any eligible applicant who installs and operates a qualified property shall be allowed a credit against the tax otherwise due under chapter 143, excluding withholding tax imposed by sections 143.191 to 143.265, or due under chapter 147 or chapter 148 for any tax year in which the applicant is constructing the qualified property. The credit allowed in this section per eligible applicant who is a private citizen shall not exceed fifteen hundred dollars or per eligible applicant that is a business entity shall not exceed the lesser of twenty thousand dollars or twenty percent of the total costs directly associated with the purchase and installation of any alternative fuel storage and dispensing equipment or any recharging equipment on any qualified property, which shall not include the following:

(1) Costs associated with the purchase of land upon which to place a qualified property;

(2) Costs associated with the purchase of an existing qualified property; or

(3) Costs for the construction or purchase of any structure.

3. Tax credits allowed by this section shall be claimed by the eligible applicant at the time such applicant files a return for the tax year in which the storage and dispensing or recharging facilities were placed in service at a qualified property, and shall be applied against the income tax liability imposed by chapter 143, chapter 147, or chapter 148 after all other credits provided by law have been applied. The cumulative amount of tax credits which may be claimed by eligible applicants claiming all credits authorized in this section shall not exceed one million dollars in

any calendar year, subject to appropriations.

4. If the amount of the tax credit exceeds the eligible applicant's tax liability, the difference shall not be refundable. Any amount of credit that an eligible applicant is prohibited by this section from claiming in a taxable year may be carried forward to any of such applicant's two subsequent taxable years. Tax credits allowed under this section may be assigned, transferred, sold, or otherwise conveyed.

5. Any qualified property, for which an eligible applicant receives tax credits under this section, which ceases to sell alternative fuel or recharge electric vehicles shall cause the forfeiture of such eligible applicant's tax credits provided under this section for the taxable year in which the qualified property ceased to sell alternative fuel or recharge electric vehicles and for future taxable years with no recapture of tax credits obtained by an eligible applicant with respect to such applicant's tax years which ended before the sale of alternative fuel or recharging of electric vehicles ceased.

6. The director of revenue shall establish the procedure by which the tax credits in this section may be claimed, and shall establish a procedure by which the cumulative amount of tax credits is apportioned equally among all eligible applicants claiming the credit. To the maximum extent possible, the director of revenue shall establish the procedure described in this subsection in such a manner as to ensure that eligible applicants can claim all the tax credits possible up to the cumulative amount of tax credits available for the taxable year. No eligible applicant claiming a tax credit under this section shall be liable for any interest or penalty for filing a tax return after the date fixed for filing such return as a result of the apportionment procedure under this subsection.

7. Any eligible applicant desiring to claim a tax credit under this section shall submit the appropriate application for such credit with the department. The application for a tax credit under this section shall include any information required by the department. The department shall review the applications and

certify to the department of revenue each eligible applicant that qualifies for the tax credit.

8. The department and the department of revenue may promulgate rules to implement the provisions of this section. Any rule or portion of a rule, as that term is defined in section 536.010, that is created under the authority delegated in this section shall become effective only if it complies with and is subject to all of the provisions of chapter 536 and, if applicable, section 536.028. This section and chapter 536 are nonseverable and if any of the powers vested with the general assembly pursuant to chapter 536 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, 2008, shall be invalid and void.

9. The provisions of section 23.253 of the Missouri sunset act notwithstanding:

(1) The provisions of the new program authorized under this section shall automatically sunset three years after December 31, 2014, unless reauthorized by an act of the general assembly; and

(2) If such program is reauthorized, the program authorized under this section shall automatically sunset six years after the effective date of the reauthorization of this section; and

(3) This section shall terminate on December thirty-first of the calendar year immediately following the calendar year in which the program authorized under this section is sunset; and

(4) The provisions of this subsection shall not be construed to limit or in any way impair the department's ability to redeem tax credits authorized on or before the date the program authorized under this section expires or a taxpayer's ability to redeem such tax credits.**]**

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