

FIRST REGULAR SESSION

# HOUSE BILL NO. 1202

## 101ST GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVE FITZWATER.

2454H.02I

DANA RADEMAN MILLER, Chief Clerk

### AN ACT

To repeal section 30.750, RSMo, and to enact in lieu thereof six new sections relating to economic development.

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

Section A. Section 30.750, RSMo, is repealed and six new sections enacted in lieu thereof, to be known as sections 30.750, 34.195, 143.073, 143.513, 431.203, and 620.3800, to read as follows:

30.750. As used in sections 30.750 to 30.765, the following terms mean:

(1) "Eligible agribusiness", a person engaged in the processing or adding of value to agricultural products produced in Missouri;

(2) "Eligible alternative energy consumer", an individual who wishes to borrow moneys for the purchase, installation, or construction of facilities or equipment related to the production of fuel or power primarily for the individual's own use from energy sources other than fossil fuels, including but not limited to solar, hydroelectric, wind, and qualified biomass;

(3) "Eligible alternative energy operation", a business enterprise engaged in the production of fuel or power from energy sources other than fossil fuels, including but not limited to solar, hydroelectric, wind, and qualified biomass. Such business enterprise shall conform to the characteristics of paragraphs (a), (b), and (d) of subdivision (6) of this section;

(4) "Eligible beginning farmer":

(a) For any beginning farmer who seeks to participate in the linked deposit program alone, a farmer who:

a. Is a Missouri resident;

b. Wishes to borrow for a farm operation located in Missouri;

EXPLANATION — Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted from the law. Matter in **bold-face** type in the above bill is proposed language.

17 c. Is at least eighteen years old; and

18 d. In the preceding five years has not owned, either directly or indirectly, farm land  
19 greater than fifty percent of the average size farm in the county where the proposed farm  
20 operation is located or farm land with an appraised value greater than four hundred fifty thousand  
21 dollars. A farmer who qualifies as an eligible farmer under this provision may utilize the  
22 proceeds of a linked deposit loan to purchase agricultural land, farm buildings, new and used  
23 farm equipment, livestock and working capital;

24 (b) For any beginning farmer who is participating in both the linked deposit program and  
25 the beginning farmer loan program administered by the Missouri ~~agriculture~~ **agricultural** and  
26 small business development authority, a farmer who:

27 a. Qualifies under the definition of a beginning farmer utilized for eligibility for federal  
28 tax-exempt financing, including the limitations on the use of loan proceeds; and

29 b. Meets all other requirements established by the Missouri ~~agriculture~~ **agricultural**  
30 and small business development authority;

31 (5) "Eligible facility borrower", a borrower qualified under section 30.860 to apply for  
32 a reduced-rate loan under sections 30.750 to 30.765;

33 (6) "Eligible farming operation", any person engaged in farming in an authorized farm  
34 corporation, family farm, or family farm corporation as defined in section 350.010 that has all  
35 of the following characteristics:

36 (a) Is headquartered in this state;

37 (b) Maintains offices, operating facilities, or farming operations and transacts business  
38 in this state;

39 (c) Employs less than ten employees;

40 (d) Is organized for profit;

41 (7) "Eligible governmental entity", any political subdivision of the state seeking to  
42 finance capital improvements, capital outlay, or other significant programs through an eligible  
43 lending institution;

44 (8) "Eligible higher education institution", any approved public or private institution as  
45 defined in section 173.205;

46 (9) "Eligible job enhancement business", a new, existing, or expanding firm operating  
47 in Missouri, or as a condition of accepting the linked deposit, will locate a facility or office in  
48 Missouri associated with said linked deposit, which employs ten or more employees in Missouri  
49 on a yearly average and which, as nearly as possible, is able to establish or retain at least one job  
50 in Missouri for each fifty thousand dollars received from a linked deposit loan except when the  
51 applicant can demonstrate significant costs for equipment, capital outlay, or capital  
52 improvements associated with the physical expansion, renovation, or modernization of a facility

53 or equipment. In such cases, the maximum amount of the linked deposit shall not exceed fifty  
54 thousand dollars per job created or retained plus the initial cost of the physical expansion,  
55 renovation or capital outlay;

56 (10) "Eligible lending institution", a financial institution that is eligible to make  
57 commercial or agricultural or student loans or discount or purchase such loans, is a public  
58 depository of state funds or obtains its funds through the issuance of obligations, either directly  
59 or through a related entity, eligible for the placement of state funds under the provisions of  
60 Section 15, Article IV, Constitution of Missouri, and agrees to participate in the linked deposit  
61 program;

62 (11) "Eligible livestock operation", any person engaged in production of livestock or  
63 poultry in an authorized farm corporation, family farm, or family farm corporation as defined in  
64 section 350.010;

65 (12) "Eligible locally owned business", any person seeking to establish a new firm,  
66 partnership, cooperative company, or corporation that shall retain at least fifty-one percent  
67 ownership by residents in a county in which the business is headquartered, that consists of the  
68 following characteristics:

69 (a) The county has a median population of twelve thousand five hundred or less; and

70 (b) The median income of residents in the county are equal to or less than the state  
71 median income; or

72 (c) The unemployment rate of the county is equal to or greater than the state's  
73 unemployment rate;

74 (13) "Eligible marketing enterprise", a business enterprise operating in this state which  
75 is in the process of marketing its goods, products or services within or outside of this state or  
76 overseas, which marketing is designed to increase manufacturing, transportation, mining,  
77 communications, or other enterprises in this state, which has proposed its marketing plan and  
78 strategy to the department of economic development and which plan and strategy has been  
79 approved by the department for purposes of eligibility pursuant to sections 30.750 to 30.765.  
80 Such business enterprise shall conform to the characteristics of paragraphs (a), (b) and (d) of  
81 subdivision (6) of this section and also employ less than twenty-five employees;

82 (14) "Eligible multitenant development enterprise", a new enterprise that develops  
83 multitenant space for targeted industries as determined by the department of economic  
84 development and approved by the department for the purposes of eligibility pursuant to sections  
85 30.750 to 30.765;

86 (15) "Eligible residential property developer", an individual who purchases and develops  
87 a residential structure of either two or four units, if such residential property developer uses and  
88 agrees to continue to use, for at least the five years immediately following the date of issuance

89 of the linked deposit loan, one of the units as his principal residence or if such person's principal  
90 residence is located within one-half mile from the developed structure and such person agrees  
91 to maintain the principal residence within one-half mile of the developed structure for at least  
92 the five years immediately following the date of issuance of the linked deposit loan;

93 (16) "Eligible residential property owner", a person, firm or corporation who purchases,  
94 develops or rehabilitates a multifamily residential structure;

95 (17) "Eligible small business"[;] :

96 (a) A person engaged in an activity with the purpose of obtaining, directly or indirectly,  
97 a gain, benefit or advantage and which conforms to the characteristics of paragraphs (a), (b) and  
98 (d) of subdivision (6) of this section, and also employs less than one hundred employees or an  
99 eligible veteran-owned small business as defined in subdivision (19) of this section; or

100 (b) **A person who receives a loan from the Small Business Administration; however,**  
101 **a person eligible under this paragraph shall not receive a linked deposit in an amount more**  
102 **than ten percent of the amount of the loan from the Small Business Administration or two**  
103 **hundred fifty thousand dollars, whichever is less, and, if such person relocates out of this**  
104 **state within ten years of receiving the linked deposit, the person shall be required to repay**  
105 **the interest forgone on the linked deposit rate to the state;**

106 (18) "Eligible student borrower", any person attending, or the parent of a dependent  
107 undergraduate attending, an eligible higher education institution in Missouri who may or may  
108 not qualify for need-based student financial aid calculated by the federal analysis called  
109 Congressional Methodology Formula pursuant to 20 U.S.C. 1078, as amended (the Higher  
110 Education Amendments of 1986);

111 (19) "Eligible veteran-owned small business", any business owned by an honorably  
112 discharged veteran and Missouri resident who has agreed to locate his or her business in  
113 Missouri for a minimum of three years and employs less than one hundred employees, a majority  
114 of whom are Missouri residents;

115 (20) "Eligible water supply system", a water system which serves fewer than fifty  
116 thousand persons and which is owned and operated by:

117 (a) A public water supply district established pursuant to chapter 247; or

118 (b) A municipality or other political subdivision; or

119 (c) A water corporation;

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121 and which is certified by the department of natural resources in accordance with its rules and  
122 regulations to have suffered a significant decrease in its capacity to meet its service needs as a  
123 result of drought;

124 (21) "Farming", using or cultivating land for the production of agricultural crops,  
125 livestock or livestock products, forest products, poultry or poultry products, milk or dairy  
126 products, or fruit or other horticultural products;

127 (22) "Linked deposit", a certificate of deposit, or in the case of production credit  
128 associations, the subscription or purchase outright of obligations described in Section 15, Article  
129 IV, Constitution of Missouri, placed by the state treasurer with an eligible lending institution at  
130 rates otherwise provided by law in section 30.758, provided the institution agrees to lend the  
131 value of such deposit, according to the deposit agreement provided in sections 30.750 to 30.765,  
132 to eligible multitenant development enterprises, eligible small businesses, eligible alternative  
133 energy operations, eligible alternative energy consumers, eligible locally owned businesses,  
134 farming operations, eligible job enhancement businesses, eligible marketing enterprises, eligible  
135 residential property developers, eligible residential property owners, eligible governmental  
136 entities, eligible agribusinesses, eligible beginning farmers, eligible livestock operations, eligible  
137 student borrowers, eligible facility borrowers, or eligible water supply systems at below the  
138 present borrowing rate applicable to each multitenant development enterprise, small business,  
139 alternative energy operation, alternative energy consumer, farming operation, eligible job  
140 enhancement business, eligible marketing enterprise, eligible residential property developer,  
141 eligible residential property owner, eligible governmental entity, eligible agribusiness, eligible  
142 beginning farmer, eligible livestock operation, eligible student borrower, or **eligible water**  
143 supply system at the time of the deposit of state funds in the institution;

144 (23) "Market rate", the interest rate more specifically described in subsection 6 of section  
145 30.260;

146 (24) "Professional forester", any individual who holds a bachelor of science degree in  
147 forestry from a regionally accredited college or university with a minimum of two years of  
148 professional forest management experience;

149 (25) "Qualified biomass", any agriculture-derived organic material or any wood-derived  
150 organic material harvested in accordance with a site-specific forest management plan focused  
151 on long-term forest sustainability developed by a professional forester and qualified, in  
152 consultation with the conservation commission, by the agriculture and small business  
153 development authority;

154 (26) "Water corporation", as such term is defined in section 386.020;

155 (27) "Water system", as such term is defined in section 386.020.

**34.195. Five percent of all state contracts shall be awarded to businesses that have  
2 been in operation for less than five years.**

**143.073. 1. This section and section 143.513 may be cited and shall be known as the  
2 "Right to Start Act".**

3           2. For purposes of this section, the term "eligible new business" means a  
4 corporation or other business entity, validly licensed under the applicable laws of this state,  
5 that begins business operations in this state on or after the effective date of this section.

6           3. For all tax years beginning on or after January 1, 2022, a tax is hereby imposed  
7 upon the Missouri taxable income of eligible new businesses, as follows:

8           (1) For the first tax year of an eligible new business, the first two hundred fifty  
9 thousand dollars of income shall be exempt from taxation and any remaining portion of  
10 income shall be taxed at a rate of four percent;

11           (2) For the second tax year of an eligible new business, the first five hundred  
12 thousand dollars of income shall be taxed at a rate of one percent and any remaining  
13 portion of income shall be taxed at a rate of four percent;

14           (3) For the third tax year of an eligible new business, the first seven hundred fifty  
15 thousand dollars of income shall be taxed at a rate of two percent and any remaining  
16 portion of income shall be taxed at a rate of four percent;

17           (4) For the fourth tax year of an eligible new business, the first one million dollars  
18 of income shall be taxed at a rate of three percent and any remaining portion of income  
19 shall be taxed at a rate of four percent;

20           (5) For the fifth tax year of an eligible new business and for all tax years thereafter,  
21 all income shall be taxed at a rate of four percent.

22           4. The income tax imposed under subsection 3 of this section shall be imposed on  
23 eligible new businesses in lieu of the income tax otherwise imposed under sections 143.011,  
24 143.021, and 143.071, and any other provisions of this chapter.

25           5. The department of revenue may promulgate all necessary rules and regulations  
26 for the administration of this section. Any rule or portion of a rule, as that term is defined  
27 in section 536.010, that is created under the authority delegated in this section shall become  
28 effective only if it complies with and is subject to all of the provisions of chapter 536 and,  
29 if applicable, section 536.028. This section and chapter 536 are nonseverable, and if any  
30 of the powers vested with the general assembly pursuant to chapter 536 to review, to delay  
31 the effective date, or to disapprove and annul a rule are subsequently held  
32 unconstitutional, then the grant of rulemaking authority and any rule proposed or adopted  
33 after the effective date of this section shall be invalid and void.

143.513. 1. Pursuant to subsection 1 of section 143.073, this section and section  
2 143.513 may be cited and shall be known as the "Right to Start Act".

3           2. (1) Notwithstanding the provisions of section 143.511 or any other provision of  
4 law to the contrary, for all tax years beginning on or after January 1, 2022, for any  
5 taxpayer who is a corporation or other business entity, validly licensed under the

6 applicable laws of this state and with a Missouri taxable income of less than five thousand  
7 dollars for the tax year, the department of revenue may extend the deadline for the filing  
8 of such taxpayer's income taxes and tax returns for a period of one year, at which time  
9 such taxes and tax returns shall be filed along with any taxes and tax returns otherwise due  
10 for the tax year in which the extension ends.

11 (2) No interest shall be assessed under section 143.731 and no interest or late  
12 penalty shall be assessed under any other provision of law for individual, corporate, or  
13 eligible small business income taxes or income tax returns in which the filing deadline is  
14 extended under subdivision (1) of this subsection, provided that, such taxes and tax returns  
15 are filed before the extended deadline.

16 3. The department of revenue may design any forms and may promulgate any  
17 necessary rules and regulations for the administration of this section. Such rules shall  
18 include, but not be limited to, rules describing how eligible taxpayers shall apply for the  
19 extension allowed under this section, how the applications for the extension shall be  
20 processed by the department, and how taxpayers who are awarded an extension shall file  
21 taxes after the extension ends. Any rule or portion of a rule, as that term is defined in  
22 section 536.010, that is created under the authority delegated in this section shall become  
23 effective only if it complies with and is subject to all of the provisions of chapter 536 and,  
24 if applicable, section 536.028. This section and chapter 536 are nonseverable, and if any  
25 of the powers vested with the general assembly pursuant to chapter 536 to review, to delay  
26 the effective date, or to disapprove and annul a rule are subsequently held  
27 unconstitutional, then the grant of rulemaking authority and any rule proposed or adopted  
28 after the effective date of this act shall be invalid and void.

431.203. 1. For purposes of this section, the term "covenant not to compete" means  
2 an agreement, understanding, contract, or contractual term in which an employee or  
3 prospective employee agrees not to compete against an employer or prospective employer  
4 or agrees not to accept any positions with a competitor of an employer or prospective  
5 employer following the termination of a business or employment relationship between the  
6 employee or prospective employee and the employer or prospective employer. A covenant  
7 not to compete may, but need not, contain time-based or geographic limitations.

8 2. Notwithstanding any provision of section 431.202 or any other provision of law  
9 to the contrary, beginning the effective date of this section, a covenant not to compete shall  
10 be void and unenforceable.

620.3800. 1. There is hereby created within the department of economic  
2 development the "Office of Entrepreneurship".

3           **2. The office shall be funded subject to appropriation from the federal State Small**  
4 **Business Credit Incentive (SSBCI) funds.**

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