

FIRST REGULAR SESSION
HOUSE COMMITTEE SUBSTITUTE FOR
HOUSE BILL NOS. 1339 & 1324
101ST GENERAL ASSEMBLY

2721H.02C

DANA RADEMAN MILLER, Chief Clerk

AN ACT

To repeal section 620.2020, RSMo, and to enact in lieu thereof one new section relating to tax credits for job creation, with an emergency clause.

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

Section A. Section 620.2020, RSMo, is repealed and one new section enacted in lieu thereof, to be known as section 620.2020, to read as follows:

620.2020. 1. The department shall respond to a written request, by or on behalf of a qualified company or qualified military project, for a proposed benefit award under the provisions of this program within five business days of receipt of such request. The department shall respond to a written request, by or on behalf of a qualified manufacturing company, for a proposed benefit award under the provisions of this program within fifteen business days of receipt of such request. Such response shall contain either a proposal of benefits for the qualified company or qualified military project, or a written response refusing to provide such a proposal and stating the reasons for such refusal. A qualified company or qualified military project that intends to seek benefits under the program shall submit to the department a notice of intent. The department shall respond within thirty days to a notice of intent with an approval or a rejection, provided that the department may withhold approval or provide a contingent approval until it is satisfied that proper documentation of eligibility has been provided. The department shall certify or reject the qualifying company's plan outlined in their notice of intent as satisfying good faith efforts made to employ, at a minimum, commensurate with the percentage of minority populations in the state of Missouri, as reported in the previous decennial census, the following: racial minorities, contractors who are racial minorities, and contractors that, in turn, employ at a minimum racial minorities commensurate with the percentage of minority populations in the state of Missouri, as reported in the previous decennial census. Failure to respond on behalf of

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.

19 the department shall result in the notice of intent being deemed approved. A qualified company
20 receiving approval for program benefits may receive additional benefits for subsequent new jobs
21 at the same facility after the full initial project period if the applicable minimum job requirements
22 are met. There shall be no limit on the number of project periods a qualified company may
23 participate in the program, and a qualified company may elect to file a notice of intent to begin
24 a new project period concurrent with an existing project period if the applicable minimum job
25 requirements are achieved, the qualified company provides the department with the required
26 annual reporting, and the qualified company is in compliance with this program and any other
27 state programs in which the qualified company is currently or has previously participated.
28 However, the qualified company shall not receive any further program benefits under the original
29 approval for any new jobs created after the date of the new notice of intent, and any jobs created
30 before the new notice of intent shall not be included as new jobs for purposes of the benefit
31 calculation for the new approval. When a qualified company has filed and received approval of
32 a notice of intent and subsequently files another notice of intent, the department shall apply the
33 definition of project facility under subdivision (24) of section 620.2005 to the new notice of
34 intent as well as all previously approved notices of intent and shall determine the application of
35 the definitions of new job, new payroll, project facility base employment, and project facility
36 base payroll accordingly.

37 2. Notwithstanding any provision of law to the contrary, the benefits available to the
38 qualified company under any other state programs for which the company is eligible and which
39 utilize withholding tax from the new or retained jobs of the company shall first be credited to the
40 other state program before the withholding retention level applicable under this program will
41 begin to accrue. If any qualified company also participates in a job training program utilizing
42 withholding tax, the company shall retain no withholding tax under this program, but the
43 department shall issue a refundable tax credit for the full amount of benefit allowed under this
44 program. The calendar year annual maximum amount of tax credits which may be issued to a
45 qualifying company that also participates in a job training program shall be increased by an
46 amount equivalent to the withholding tax retained by that company under a jobs training
47 program.

48 3. **(1)** A qualified company or qualified military project receiving benefits under this
49 program shall provide an annual report of the number of jobs, along with minority jobs created
50 or retained, and such other information as may be required by the department to document the
51 basis for program benefits available no later than ninety days prior to the end of the qualified
52 company's or industrial development authority's tax year immediately following the tax year for
53 which the benefits provided under the program are attributed. In such annual report, if the
54 average wage is below the applicable percentage of the county average wage, the qualified

55 company or qualified military project has not maintained the employee insurance as required,
56 if the department after a review determines the qualifying company fails to satisfy other aspects
57 of their notice of intent, including failure to make good faith efforts to employ, at a minimum,
58 commensurate with the percentage of minority populations in the state of Missouri, as reported
59 in the previous decennial census, the following: racial minorities, contractors who are racial
60 minorities, and contractors that, in turn, employ at a minimum racial minorities commensurate
61 with the percentage of minority populations in the state of Missouri, as reported in the previous
62 decennial census, or if the number of jobs is below the number required, the qualified company
63 or qualified military project shall not receive tax credits or retain the withholding tax for the
64 balance of the project period. Failure to timely file the annual report required under this section
65 shall result in the forfeiture of tax credits attributable to the year for which the reporting was
66 required and a recapture of withholding taxes retained by the qualified company or qualified
67 military project during such year.

68 **(2) If a qualified company fails to timely file the annual report required in**
69 **subdivision (1) of this subsection, the department shall communicate with an employee that**
70 **is separate from the original point of contact for the department, provided such employee**
71 **is designated in writing by the qualified company and preferably of an equivalent or higher**
72 **supervisory role than the original point of contact, and using multiple means of**
73 **communications if necessary, to inform the qualified company of the failure to timely file**
74 **the annual report. If the qualified company requests an extension in writing to the**
75 **department within thirty days following the deadline to file the annual report, the**
76 **department shall grant one thirty-day extension beginning on the date that the request was**
77 **received by the department to file the report without penalty. A failure to submit the**
78 **report by the end of any extension granted by the department shall result in the forfeiture**
79 **of tax credits and a recapture of withholding tax as provided in subdivision (1) of this**
80 **subsection. A qualified company that had an annual report due between January 1, 2020,**
81 **and September 1, 2021, shall not be subject to the forfeiture of tax credits attributable to**
82 **the year for which the reporting was required or to the recapture of withholding taxes**
83 **retained by the qualified company or qualified military project during such year so long**
84 **as the annual report is filed with the department by November 1, 2021.**

85 4. The department may withhold the approval of any benefits under this program until
86 it is satisfied that proper documentation has been provided, and shall reduce the benefits to
87 reflect any reduction in full-time employees or payroll. Upon approval by the department, the
88 qualified company may begin the retention of the withholding taxes when it reaches the required
89 number of jobs and the average wage meets or exceeds the applicable percentage of county
90 average wage. Tax credits, if any, may be issued upon satisfaction by the department that the

91 qualified company has exceeded the applicable percentage of county average wage and the
92 required number of jobs; provided that, tax credits awarded under subsection 7 of section
93 620.2010 may be issued following the qualified company's acceptance of the department's
94 proposal and pursuant to the requirements set forth in the written agreement between the
95 department and the qualified company under subsection 4 of section 620.2010.

96 5. Any qualified company or qualified military project approved for benefits under this
97 program shall provide to the department, upon request, any and all information and records
98 reasonably required to monitor compliance with program requirements. This program shall be
99 considered a business recruitment tax credit under subdivision (4) of subsection 2 of section
100 135.800, and any qualified company or qualified military project approved for benefits under this
101 program shall be subject to the provisions of sections 135.800 to 135.830.

102 6. Any taxpayer who is awarded benefits under this program who knowingly hires
103 individuals who are not allowed to work legally in the United States shall immediately forfeit
104 such benefits and shall repay the state an amount equal to any state tax credits already redeemed
105 and any withholding taxes already retained.

106 7. (1) The maximum amount of tax credits that may be authorized under this program
107 for any fiscal year shall be limited as follows, less the amount of any tax credits previously
108 obligated for that fiscal year under any of the tax credit programs referenced in subsection 14 of
109 this section:

110 (a) For the fiscal year beginning on July 1, 2013, but ending on or before June 30, 2014,
111 no more than one hundred six million dollars in tax credits may be authorized;

112 (b) For the fiscal year beginning on July 1, 2014, but ending on or before June 30, 2015,
113 no more than one hundred eleven million dollars in tax credits may be authorized;

114 (c) For fiscal years beginning on or after July 1, 2015, but ending on or before June 30,
115 2020, no more than one hundred sixteen million dollars in tax credits may be authorized for each
116 fiscal year; and

117 (d) For all fiscal years beginning on or after July 1, 2020, no more than one hundred six
118 million dollars in tax credits may be authorized for each fiscal year. The provisions of this
119 paragraph shall not apply to tax credits issued to qualified companies under a notice of intent
120 filed prior to July 1, 2020.

121 (2) For all fiscal years beginning on or after July 1, 2020, in addition to the amount of
122 tax credits that may be authorized under paragraph (d) of subdivision (1) of this subsection, an
123 additional ten million dollars in tax credits may be authorized for each fiscal year for the purpose
124 of the completion of infrastructure projects directly connected with the creation or retention of
125 jobs under the provisions of sections 620.2000 to 620.2020 and an additional ten million dollars

126 in tax credits may be authorized for each fiscal year for a qualified manufacturing company based
127 on a manufacturing capital investment as set forth in section 620.2010.

128 8. For all fiscal years beginning on or after July 1, 2020, the maximum total amount of
129 withholding tax that may be authorized for retention for the creation of new jobs under the
130 provisions of sections 620.2000 to 620.2020 by qualified companies with a project facility base
131 employment of at least fifty shall not exceed seventy-five million dollars for each fiscal year.
132 The provisions of this subsection shall not apply to withholding tax authorized for retention for
133 the creation of new jobs by qualified companies with a project facility base employment of less
134 than fifty.

135 9. For tax credits for the creation of new jobs under section 620.2010, the department
136 shall allocate the annual tax credits based on the date of the approval, reserving such tax credits
137 based on the department's best estimate of new jobs and new payroll of the project, and any other
138 applicable factors in determining the amount of benefits available to the qualified company or
139 qualified military project under this program; provided that, the department may reserve up to
140 twenty-one and one-half percent of the maximum annual amount of tax credits that may be
141 authorized under subsection 7 of this section for award under subsection 7 of section 620.2010.
142 However, the annual issuance of tax credits shall be subject to annual verification of actual
143 payroll by the department or, for qualified military projects, annual verification of average salary
144 for the jobs directly created by the qualified military project. Any authorization of tax credits
145 shall expire if, within two years from the date of commencement of operations, or approval if
146 applicable, the qualified company has failed to meet the applicable minimum job requirements.
147 The qualified company may retain authorized amounts from the withholding tax under the
148 project once the applicable minimum job requirements have been met for the duration of the
149 project period. No benefits shall be provided under this program until the qualified company or
150 qualified military project meets the applicable minimum new job requirements or, for benefits
151 awarded under subsection 7 of section 620.2010, until the qualified company has satisfied the
152 requirements set forth in the written agreement between the department and the qualified
153 company under subsection 4 of section 620.2010. In the event the qualified company or
154 qualified military project does not meet the applicable minimum new job requirements, the
155 qualified company or qualified military project may submit a new notice of intent or the
156 department may provide a new approval for a new project of the qualified company or qualified
157 military project at the project facility or other facilities.

158 10. Tax credits provided under this program may be claimed against taxes otherwise
159 imposed by chapters 143 and 148, and may not be carried forward, but shall be claimed within
160 one year of the close of the taxable year for which they were issued. Tax credits provided under
161 this program may be transferred, sold, or assigned by filing a notarized endorsement thereof with

162 the department that names the transferee, the amount of tax credit transferred, and the value
163 received for the credit, as well as any other information reasonably requested by the department.
164 For a qualified company with flow-through tax treatment to its members, partners, or
165 shareholders, the tax credit shall be allowed to members, partners, or shareholders in proportion
166 to their share of ownership on the last day of the qualified company's tax period.

167 11. Prior to the issuance of tax credits or the qualified company beginning to retain
168 withholding taxes, the department shall verify through the department of revenue and any other
169 applicable state department that the tax credit applicant does not owe any delinquent income,
170 sales, or use tax or interest or penalties on such taxes, or any delinquent fees or assessments
171 levied by any state department and through the department of commerce and insurance that the
172 applicant does not owe any delinquent insurance taxes or other fees. Such delinquency shall not
173 affect the approval, except that any tax credits issued shall be first applied to the delinquency and
174 any amount issued shall be reduced by the applicant's tax delinquency. If the department of
175 revenue, the department of commerce and insurance, or any other state department concludes that
176 a taxpayer is delinquent after June fifteenth but before July first of any year and the application
177 of tax credits to such delinquency causes a tax deficiency on behalf of the taxpayer to arise, then
178 the taxpayer shall be granted thirty days to satisfy the deficiency in which interest, penalties, and
179 additions to tax shall be tolled. After applying all available credits toward a tax delinquency, the
180 administering agency shall notify the appropriate department and that department shall update
181 the amount of outstanding delinquent tax owed by the applicant. If any credits remain after
182 satisfying all insurance, income, sales, and use tax delinquencies, the remaining credits shall be
183 issued to the applicant, subject to the restrictions of other provisions of law.

184 12. The director of revenue shall issue a refund to the qualified company to the extent
185 that the amount of tax credits allowed under this program exceeds the amount of the qualified
186 company's tax liability under chapter 143 or 148.

187 13. An employee of a qualified company shall receive full credit for the amount of tax
188 withheld as provided in section 143.211.

189 14. Notwithstanding any provision of law to the contrary, beginning August 28, 2013,
190 no new benefits shall be authorized for any project that had not received from the department a
191 proposal or approval for such benefits prior to August 28, 2013, under the development tax credit
192 program created under sections 32.100 to 32.125, the rebuilding communities tax credit program
193 created under section 135.535, the enhanced enterprise zone tax credit program created under
194 sections 135.950 to 135.973, and the Missouri quality jobs program created under sections
195 620.1875 to 620.1890. The provisions of this subsection shall not be construed to limit or impair
196 the ability of any administering agency to authorize or issue benefits for any project that had
197 received an approval or a proposal from the department under any of the programs referenced

198 in this subsection prior to August 28, 2013, or the ability of any taxpayer to redeem any such tax
199 credits or to retain any withholding tax under an approval issued prior to that date. The
200 provisions of this subsection shall not be construed to limit or in any way impair the ability of
201 any governing authority to provide any local abatement or designate a new zone under the
202 enhanced enterprise zone program created by sections 135.950 to 135.963. Notwithstanding any
203 provision of law to the contrary, no qualified company that is awarded benefits under this
204 program shall:

205 (1) Simultaneously receive benefits under the programs referenced in this subsection at
206 the same capital investment; or

207 (2) Receive benefits under the provisions of section 620.1910 for the same jobs.

208 15. If any provision of sections 620.2000 to 620.2020 or application thereof to any
209 person or circumstance is held invalid, the invalidity shall not affect other provisions or
210 application of these sections which can be given effect without the invalid provisions or
211 application, and to this end, the provisions of sections 620.2000 to 620.2020 are hereby declared
212 severable.

213 16. By no later than January 1, 2014, and the first day of each calendar quarter thereafter,
214 the department shall present a quarterly report to the general assembly detailing the benefits
215 authorized under this program during the immediately preceding calendar quarter to the extent
216 such information may be disclosed under state and federal law. The report shall include, at a
217 minimum:

218 (1) A list of all approved and disapproved applicants for each tax credit;

219 (2) A list of the aggregate amount of new or retained jobs that are directly attributable
220 to the tax credits authorized;

221 (3) A statement of the aggregate amount of new capital investment directly attributable
222 to the tax credits authorized;

223 (4) Documentation of the estimated net state fiscal benefit for each authorized project
224 and, to the extent available, the actual benefit realized upon completion of such project or
225 activity; and

226 (5) The department's response time for each request for a proposed benefit award under
227 this program.

228 17. The department may adopt such rules, statements of policy, procedures, forms, and
229 guidelines as may be necessary to carry out the provisions of sections 620.2000 to 620.2020.
230 Any rule or portion of a rule, as that term is defined in section 536.010, that is created under the
231 authority delegated in this section shall become effective only if it complies with and is subject
232 to all of the provisions of chapter 536 and, if applicable, section 536.028. This section and
233 chapter 536 are nonseverable and if any of the powers vested with the general assembly pursuant

234 to chapter 536 to review, to delay the effective date, or to disapprove and annul a rule are
235 subsequently held unconstitutional, then the grant of rulemaking authority and any rule proposed
236 or adopted after August 28, 2013, shall be invalid and void.

237 18. Under section 23.253 of the Missouri sunset act:

238 (1) The provisions of the program authorized under sections 620.2000 to 620.2020 shall
239 be reauthorized as of August 28, 2018, and shall expire on August 28, 2030; and

240 (2) If such program is reauthorized, the program authorized under this section shall
241 automatically sunset twelve years after the effective date of the reauthorization of sections
242 620.2000 to 620.2020; and

243 (3) Sections 620.2000 to 620.2020 shall terminate on September first of the calendar
244 year immediately following the calendar year in which the program authorized under sections
245 620.2000 to 620.2020 is sunset.

Section B. Because of the importance of economic development to the state of Missouri,
2 section A of this act is deemed necessary for the immediate preservation of the public health,
3 welfare, peace, and safety, and is hereby declared to be an emergency act within the meaning of
4 the constitution, and section A of this act shall be in full force and effect upon its passage and
5 approval.

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