

SENATE SUBSTITUTE
FOR
HOUSE COMMITTEE SUBSTITUTE
FOR
HOUSE BILL NO. 268
AN ACT

To repeal sections 536.300, 536.303, 536.305, 536.310, 536.315, 536.323, 536.325, and 536.328, RSMo, and to enact in lieu thereof twenty new sections relating to the promotion of business development.

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

Section A. Sections 536.300, 536.303, 536.305, 536.310, 2 536.315, 536.323, 536.325, and 536.328, RSMo, are repealed and 3 twenty new sections enacted in lieu thereof, to be known as 4 sections 34.195, 135.1310, 135.1325, 135.1350, 536.300, 5 620.3500, 620.3505, 620.3510, 620.3515, 620.3520, 620.3525, 6 620.3530, 620.3800, 620.3900, 620.3905, 620.3910, 620.3915, 7 620.3920, 620.3925, and 620.3930, to read as follows:

34.195. 1. This section shall be known and may be
2 cited as the "Right-to-Start Act".

3 2. No later than June 30, 2025, and annually
4 thereafter, the commissioner of administration shall file a
5 report with the general assembly that includes, but is not
6 limited to:

7 (1) The number of state contracts awarded to
8 businesses that have been in operation for less than three
9 years;

10 (2) The percentage of the number of state contracts
11 awarded to businesses that have been in operation for less
12 than three years compared to the total number of state
13 contracts awarded;

14 (3) The total dollar amount of all state contracts
15 awarded to businesses that have been in operation for less
16 than three years;

17 (4) The percentage of the total dollar amount of state
18 contracts awarded to businesses that have been in operation
19 for less than three years compared to the total dollar
20 amount of state contracts awarded; and

21 (5) The number and total dollar amount of state
22 contracts awarded to businesses owned by each racial
23 minority group, as such term is defined in section 37.013,
24 women-owned businesses, and veteran-owned businesses
25 compared to the total number and dollar amount of state
26 contracts awarded.

27 3. The commissioner of administration, in conjunction
28 with the office of entrepreneurship under section 620.3800,
29 shall produce and file a report with the general assembly
30 making recommendations on improving access and resources for
31 new Missouri businesses that have been in operation for less
32 than three years on or before January 1, 2025. The report
33 shall also include recommendations on improving access and
34 resources for new businesses owned by a racial minority
35 group, as such term is defined in section 37.013, women-
36 owned businesses, and veteran-owned Missouri businesses that
37 have been in operation for less than three years on or
38 before January 1, 2025.

135.1310. 1. This section shall be known and may be
2 cited as the "Child Care Contribution Tax Credit Act".

3 2. For purposes of this section, the following terms
4 shall mean:

5 (1) "Child care", the same as defined in section
6 210.201;

7 (2) "Child care desert", a census tract that has a
8 poverty rate of at least twenty percent or a median family

9 income of less than eighty percent of the statewide average
10 and where at least five hundred people or thirty-three
11 percent of the population are located at least one-half mile
12 away from a child care provider in urbanized areas or at
13 least ten miles away in rural areas;

14 (3) "Child care provider", a child care provider as
15 defined in section 210.201 that is licensed pursuant to
16 section 210.221, or that is unlicensed and that is
17 registered with the department of elementary and secondary
18 education;

19 (4) "Contribution", an eligible donation of cash,
20 stock, bonds or other marketable securities, or real
21 property;

22 (5) "Department", the Missouri department of economic
23 development;

24 (6) "Person related to the taxpayer", an individual
25 connected with the taxpayer by blood, adoption, or marriage,
26 or an individual, corporation, partnership, limited
27 liability company, trust, or association controlled by, or
28 under the control of, the taxpayer directly, or through an
29 individual, corporation, limited liability company,
30 partnership, trust, or association under the control of the
31 taxpayer;

32 (7) "Rural area", a town or community within the state
33 that is not within a metropolitan statistical area and has a
34 population of six thousand or fewer inhabitants as
35 determined by the last preceding federal decennial census or
36 any unincorporated area not within a metropolitan
37 statistical area;

38 (8) "State tax liability", in the case of a business
39 taxpayer, any liability incurred by such taxpayer pursuant
40 to chapter 143 and chapter 148, exclusive of the provisions
41 relating to the withholding of tax as provided for in

42 sections 143.191 to 143.265 and related provisions, and in
43 the case of an individual taxpayer, any liability incurred
44 by such taxpayer pursuant to chapter 143;

45 (9) "Tax credit", a credit against the taxpayer's
46 state tax liability;

47 (10) "Taxpayer", a corporation as defined in section
48 143.441 or 143.471, any charitable organization that is
49 exempt from federal income tax and whose Missouri unrelated
50 business taxable income, if any, would be subject to the
51 state income tax imposed under chapter 143, or individuals
52 or partnerships subject to the state income tax imposed by
53 the provisions of chapter 143.

54 3. For all tax years beginning on or after January 1,
55 2023, a taxpayer may claim the tax credit authorized in this
56 section against the taxpayer's state tax liability for the
57 tax year in which a verified contribution was made in an
58 amount equal to up to seventy-five percent of the verified
59 contribution to a child care provider. The minimum amount
60 of any tax credit issued shall not be less than one hundred
61 dollars and shall not exceed two hundred thousand dollars
62 per tax year.

63 (1) The child care provider receiving a contribution
64 shall, within sixty days of the date it received the
65 contribution, issue the taxpayer a contribution verification
66 and file a copy of the contribution verification with the
67 department. The contribution verification shall be in the
68 form established by the department and shall include the
69 taxpayer's name, taxpayer's state or federal tax
70 identification number or last four digits of the taxpayer's
71 Social Security number, amount of tax credit, amount of
72 contribution, legal name and address of the child care
73 provider receiving the tax credit, the child care provider's
74 federal employer identification number, the child care

75 provider's departmental vendor number or license number, and
76 the date the child care provider received the contribution
77 from the taxpayer. The contribution verification shall
78 include a signed attestation stating the child care provider
79 will use the contribution solely to promote child care.

80 (2) The failure of the child care provider to timely
81 issue the contribution verification to the taxpayer or file
82 it with the department shall entitle the taxpayer to a
83 refund of the contribution from the child care provider.

84 4. A donation is eligible when:

85 (1) The donation is used directly by a child care
86 provider to promote child care for children twelve years of
87 age or younger, including by acquiring or improving child
88 care facilities, equipment, or services, or improving staff
89 salaries, staff training, or the quality of child care;

90 (2) The donation is made to a child care provider in
91 which the taxpayer or a person related to the taxpayer does
92 not have a direct financial interest; and

93 (3) The donation is not made in exchange for care of a
94 child or children in the case of an individual taxpayer that
95 is not an employer making a contribution on behalf of its
96 employees.

97 5. A child care provider that uses the contribution
98 for an ineligible purpose shall repay to the department the
99 value of the tax credit for the contribution amount used for
100 an ineligible purpose.

101 6. The tax credits authorized by this section shall
102 not be refundable and shall not be transferred, sold, or
103 otherwise conveyed. Any amount of approved tax credits that
104 a taxpayer is prohibited by this subsection from using for
105 the tax year in which the credit is first claimed may be
106 carried back to the taxpayer's immediately prior tax year

107 and carried forward to the taxpayer's subsequent tax year
108 for up to five succeeding tax years.

109 7. Notwithstanding any provision of subsection 6 of
110 this section to the contrary, a taxpayer that is exempt,
111 under 26 U.S.C. Section 501(c)(3), and any amendments
112 thereto, from all or part of the federal income tax shall be
113 eligible for a refund of its tax credit issued under this
114 section, without regard to whether it has incurred any state
115 tax liability. Such exempt taxpayer may claim a refund of
116 the tax credit on its tax return required to be filed under
117 the provisions of chapter 143, exclusive of the return for
118 the withholding of tax under sections 143.191 to 143.265.
119 If such exempt taxpayer is not required to file a tax return
120 under the provisions of chapter 143, the exempt taxpayer may
121 claim a refund of the tax credit on a refund claim form
122 prescribed by the department of revenue. The department of
123 revenue shall prescribe such forms, instructions, and rules
124 as it deems appropriate to carry out the provisions of this
125 subsection.

126 8. (1) The cumulative amount of tax credits
127 authorized pursuant to this section shall not exceed twenty
128 million dollars for each calendar year. The department
129 shall approve tax credit applications on a first-come, first-
130 served basis until the cumulative tax credit authorization
131 limit is reached for the calendar year. A taxpayer shall
132 apply to the department for the child care contribution tax
133 credit by submitting a copy of the contribution verification
134 provided by a child care provider to such taxpayer. Upon
135 receipt of the contribution verification, the department
136 shall issue a tax credit certificate to the applicant.

137 (2) If the maximum amount of tax credits allowed in
138 any calendar year as provided pursuant to subdivision (1) of
139 this subsection is authorized, the maximum amount of tax

140 credits allowed pursuant to subdivision (1) of this
141 subsection shall be increased by fifteen percent, provided
142 that all such increases in the allowable amount of tax
143 credits shall be reserved for contributions made to child
144 care providers located in a child care desert. The director
145 of the department shall publish such adjusted amount.

146 9. The tax credits allowed under this section shall be
147 considered a domestic and social tax credit under
148 subdivision (5) of subsection 2 of section 135.800.

149 10. All action and communication undertaken or
150 required under this section shall be exempt from section
151 105.1500.

152 11. The department may promulgate rules to implement
153 and administer the provisions of this section. Any rule or
154 portion of a rule, as that term is defined in section
155 536.010, that is created pursuant to the authority delegated
156 in this section shall become effective only if it complies
157 with and is subject to all of the provisions of chapter 536
158 and, if applicable, section 536.028. This section and
159 chapter 536 are nonseverable and if any of the powers vested
160 with the general assembly pursuant to chapter 536 to review,
161 to delay the effective date, or to disapprove and annul a
162 rule are subsequently held unconstitutional, then the grant
163 of rulemaking authority and any rule proposed or adopted
164 after August 28, 2023, shall be invalid and void.

165 12. Pursuant to section 23.253 of the Missouri sunset
166 act:

167 (1) The program authorized under this section shall
168 expire on December 31, 2029, unless reauthorized by the
169 general assembly;

170 (2) The act shall terminate on September first of the
171 calendar year immediately following the calendar year in
172 which the program authorized under this section is sunset;

173 (3) If such program is reauthorized, the program
174 authorized under this act shall automatically sunset six
175 years after the effective date of the reauthorization of
176 this section; and

177 (4) The provisions of this subsection shall not be
178 construed to limit or in any way impair the department of
179 revenue's ability to redeem tax credits authorized on or
180 before the date the program authorized pursuant to this
181 section expires or a taxpayer's ability to redeem such tax
182 credits.

135.1325. 1. This section shall be known and may be
2 cited as the "Employer Provided Child Care Assistance Tax
3 Credit Act".

4 2. For purposes of this section, the following terms
5 shall mean:

6 (1) "Child care desert", a census tract that has a
7 poverty rate of at least twenty percent or a median family
8 income of less than eighty percent of the statewide average
9 and where at least five hundred people or thirty-three
10 percent of the population are located at least one-half mile
11 away from a child care provider in urbanized areas or at
12 least ten miles away in rural areas;

13 (2) "Child care facility", a child care facility as
14 defined in section 210.201 that is licensed pursuant to
15 section 210.221, or that is unlicensed and that is
16 registered with the department of elementary and secondary
17 education;

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

20 (4) "Employer matching contribution", a contribution
21 made by the taxpayer to a cafeteria plan, as that term is
22 used in 26 U.S.C. Section 125, of an employee of the
23 taxpayer, which matches a dollar amount or percentage of the

24 employee's contribution to the cafeteria plan. "Employer
25 matching contribution" shall not include the amount of any
26 salary reduction or other compensation foregone by the
27 employee in connection with the cafeteria plan;

28 (5) "Qualified child care expenditure", an amount paid
29 of reasonable costs incurred that meet any of the following:

30 (a) To acquire, construct, rehabilitate, or expand
31 property that will be, or is, used as part of a child care
32 facility that is either operated by the taxpayer or
33 contracted with by the taxpayer and which does not
34 constitute part of the principal residence of the taxpayer
35 or any employee of the taxpayer;

36 (b) For the operating costs of a child care facility
37 of the taxpayer, including costs relating to the training of
38 employees, scholarship programs, and for compensation to
39 employees;

40 (c) Under a contract with a child care facility to
41 provide child care services to employees of the taxpayer; or

42 (d) As an employer matching contribution, but only to
43 the extent such employer matching contribution is restricted
44 by the taxpayer solely for the taxpayer's employee to obtain
45 child care services at a child care facility and is used for
46 that purpose during the tax year;

47 (6) "Rural area", a town or community within the state
48 that is not within a metropolitan statistical area and has a
49 population of six thousand or fewer inhabitants as
50 determined by the last preceding federal decennial census or
51 any unincorporated area not within a metropolitan
52 statistical area;

53 (7) "State tax liability", in the case of a business
54 taxpayer, any liability incurred by such taxpayer pursuant
55 to the provisions of chapter 143 and chapter 148, exclusive
56 of the provisions relating to the withholding of tax as

57 provided for in sections 143.191 to 143.265 and related
58 provisions, and in the case of an individual taxpayer, any
59 liability incurred by such taxpayer pursuant to the
60 provisions of chapter 143;

61 (8) "Tax credit", a credit against the taxpayer's
62 state tax liability;

63 (9) "Taxpayer", a corporation as defined in section
64 143.441 or 143.471, any charitable organization that is
65 exempt from federal income tax and whose Missouri unrelated
66 business taxable income, if any, would be subject to the
67 state income tax imposed under chapter 143, or individuals
68 or partnerships subject to the state income tax imposed by
69 the provisions of chapter 143.

70 3. For all tax years beginning on or after January 1,
71 2023, a taxpayer may claim a tax credit authorized in this
72 section in an amount equal to thirty percent of the
73 qualified child care expenditures paid or incurred with
74 respect to a child care facility. The maximum amount of any
75 tax credit issued under this section shall not exceed two
76 hundred thousand dollars per taxpayer per tax year.

77 4. A facility shall not be treated as a child care
78 facility with respect to a taxpayer unless the following
79 conditions have been met:

80 (1) Enrollment in the facility is open to employees of
81 the taxpayer during the tax year; and

82 (2) If the facility is the principal business of the
83 taxpayer, at least thirty percent of the enrollees of such
84 facility are dependents of employees of the taxpayer.

85 5. The tax credits authorized by this section shall
86 not be refundable or transferable. The tax credits shall
87 not be sold, assigned, or otherwise conveyed. Any amount of
88 approved tax credits that a taxpayer is prohibited by this
89 subsection from using for the tax year in which the credit

90 is first claimed may be carried back to the taxpayer's
91 immediately prior tax year and carried forward to the
92 taxpayer's subsequent tax year for up to five succeeding tax
93 years.

94 6. Notwithstanding any provision of subsection 5 of
95 this section to the contrary, a taxpayer that is exempt,
96 under 26 U.S.C. Section 501(c)(3), and any amendments
97 thereto, from all or part of the federal income tax shall be
98 eligible for a refund of its tax credit issued under this
99 section, without regard to whether it has incurred any state
100 tax liability. Such exempt taxpayer may claim a refund of
101 the tax credit on its tax return required to be filed under
102 the provisions of chapter 143, exclusive of the return for
103 the withholding of tax under sections 143.191 to 143.265.
104 If such exempt taxpayer is not required to file a tax return
105 under the provisions of chapter 143, the exempt taxpayer may
106 claim a refund of the tax credit on a refund claim form
107 prescribed by the department of revenue. The department of
108 revenue shall prescribe such forms, instructions, and rules
109 as it deems appropriate to carry out the provisions of this
110 subsection.

111 7. (1) The cumulative amount of tax credits
112 authorized pursuant to this section shall not exceed twenty
113 million dollars for each calendar year. The department
114 shall approve tax credit applications on a first-come, first-
115 served basis until the cumulative tax credit authorization
116 limit is reached for the calendar year.

117 (2) If the maximum amount of tax credits allowed in
118 any calendar year as provided pursuant to subdivision (1) of
119 this subsection is authorized, the maximum amount of tax
120 credits allowed pursuant to subdivision (1) of this
121 subsection shall be increased by fifteen percent, provided
122 that all such increases in the allowable amount of tax

123 credits shall be reserved for qualified child care
124 expenditures for child care facilities located in a child
125 care desert. The director of the department shall publish
126 such adjusted amount.

127 8. A taxpayer who has claimed a tax credit under this
128 section shall notify the department within sixty days of any
129 cessation of operation, change in ownership, or agreement to
130 assume recapture liability as such terms are defined by 26
131 U.S.C. Section 45F, in the form and manner prescribed by
132 department rule or instruction. If there is a cessation of
133 operation or change in ownership relating to a child care
134 facility, the taxpayer shall repay the department the
135 applicable recapture percentage of the credit allowed under
136 this section, but this recapture amount shall be limited to
137 the tax credit allowed under this section. The recapture
138 amount shall be considered a tax liability arising on the
139 tax payment due date for the tax year in which the cessation
140 of operation, change in ownership, or agreement to assume
141 recapture liability occurred and shall be assessed and
142 collected under the same provisions that apply to a tax
143 liability under chapter 143 or chapter 148.

144 9. The tax credit allowed pursuant to this section
145 shall be considered a domestic and social tax credit under
146 subdivision (5) of subsection 2 of section 135.800.

147 10. All action and communication undertaken or
148 required under this section shall be exempt from section
149 105.1500.

150 11. The department may promulgate rules to implement
151 and administer the provisions of this section. Any rule or
152 portion of a rule, as that term is defined in section
153 536.010, that is created pursuant to the authority delegated
154 in this section shall become effective only if it complies
155 with and is subject to all of the provisions of chapter 536

156 and, if applicable, section 536.028. This section and
157 chapter 536 are nonseverable and if any of the powers vested
158 with the general assembly pursuant to chapter 536 to review,
159 to delay the effective date, or to disapprove and annul a
160 rule are subsequently held unconstitutional, then the grant
161 of rulemaking authority and any rule proposed or adopted
162 after August 28, 2023, shall be invalid and void.

163 12. Pursuant to section 23.253 of the Missouri sunset
164 act:

165 (1) The program authorized under this act shall expire
166 on December 31, 2029, unless reauthorized by the general
167 assembly;

168 (2) The act shall terminate on September first of the
169 calendar year immediately following the calendar year in
170 which the program authorized under the act is sunset;

171 (3) If such program is reauthorized, the program
172 authorized under this act shall automatically sunset six
173 years after the effective date of the reauthorization of the
174 act; and

175 (4) The provisions of this subsection shall not be
176 construed to limit or in any way impair the department of
177 revenue's ability to redeem tax credits authorized on or
178 before the date the program authorized pursuant to this
179 section expires or a taxpayer's ability to redeem such tax
180 credits.

2 135.1350. 1. This section shall be known and may be
3 cited as the "Child Care Providers Tax Credit Act".

4 2. For purposes of this section, the following terms
5 shall mean:

6 (1) "Capital expenditures", expenses incurred by a
7 child care provider, during the tax year for which a tax
8 credit is claimed pursuant to this section, for the
construction, renovation, or rehabilitation of a child care

9 facility to the extent necessary to operate a child care
10 facility and comply with applicable child care facility
11 regulations promulgated by the department of elementary and
12 secondary education;

13 (2) "Child care desert", a census tract that has a
14 poverty rate of at least twenty percent or a median family
15 income of less than eighty percent of the statewide average
16 and where at least five hundred people or thirty-three
17 percent of the population are located at least one-half mile
18 away from a child care provider in urbanized areas or at
19 least ten miles away in rural areas;

20 (3) "Child care facility", the same as defined in
21 section 210.201;

22 (4) "Child care provider", a child care provider as
23 defined in section 210.201 that is licensed pursuant to
24 section 210.221, or that is unlicensed and that is
25 registered with the department of elementary and secondary
26 education;

27 (5) "Department", the department of elementary and
28 secondary education;

29 (6) "Employee", an employee, as that term is used in
30 subsection 2 of section 143.191, of a child care provider
31 who worked for the child care provider for an average of at
32 least ten hours per week for at least a three-month period
33 during the tax year for which a tax credit is claimed
34 pursuant to this section and who is not an immediate family
35 member of the child care provider;

36 (7) "Eligible employer withholding tax", the total
37 amount of tax that the child care provider was required,
38 under section 143.191, to deduct and withhold from the wages
39 it paid to employees during the tax year for which the child
40 care provider is claiming a tax credit pursuant to this
41 section, to the extent actually paid;

42 (8) "Rural area", a town or community within the state
43 that is not within a metropolitan statistical area and has a
44 population of six thousand or fewer inhabitants as
45 determined by the last preceding federal decennial census or
46 any unincorporated area not within a metropolitan
47 statistical area;

48 (9) "State tax liability", any liability incurred by
49 the taxpayer pursuant to the provisions of chapter 143,
50 exclusive of the provisions relating to the withholding of
51 tax as provided for in sections 143.191 to 143.265 and
52 related provisions;

53 (10) "Tax credit", a credit against the taxpayer's
54 state tax liability;

55 (11) "Taxpayer", a corporation as defined in section
56 143.441 or 143.471, any charitable organization that is
57 exempt from federal income tax and whose Missouri unrelated
58 business taxable income, if any, would be subject to the
59 state income tax imposed under chapter 143, or an individual
60 or partnership subject to the state income tax imposed by
61 the provisions of chapter 143.

62 3. For all tax years beginning on or after January 1,
63 2024, a child care provider with three or more employees may
64 claim a tax credit authorized in this section in an amount
65 equal to the child care provider's eligible employer
66 withholding tax, and may also claim a tax credit in an
67 amount up to thirty percent of the child care provider's
68 capital expenditures. No tax credit for capital
69 expenditures shall be allowed if the capital expenditures
70 are less than one thousand dollars. The amount of any tax
71 credit issued under this section shall not exceed two
72 hundred thousand dollars per child care provider per tax
73 year.

74 4. To claim a tax credit authorized pursuant to this
75 section, a child care provider shall submit to the
76 department, for preliminary approval, an application for the
77 tax credit on a form provided by the department and at such
78 times as the department may require. If the child care
79 provider is applying for a tax credit for capital
80 expenditures, the child care provider shall present proof
81 acceptable to the department that the child care provider's
82 capital expenditures satisfy the requirements of subdivision
83 (1) of subsection 2 of this section. Upon final approval of
84 an application, the department shall issue the child care
85 provider a certificate of tax credit.

86 5. The tax credits authorized by this section shall
87 not be refundable and shall not be transferred, sold,
88 assigned, or otherwise conveyed. Any amount of credit that
89 exceeds the child care provider's state tax liability for
90 the tax year for which the tax credit is issued may be
91 carried back to the child care provider's immediately prior
92 tax year or carried forward to the child care provider's
93 subsequent tax year for up to five succeeding tax years.

94 6. Notwithstanding any provision of subsection 5 of
95 this section to the contrary, a child care provider that is
96 exempt, under 26 U.S.C. Section 501(c)(3), and any
97 amendments thereto, from all or part of the federal income
98 tax shall be eligible for a refund of its tax credit issued
99 under this section, without regard to whether it has
100 incurred any state tax liability. Such exempt child care
101 provider may claim a refund of the tax credit on its tax
102 return required to be filed under the provisions of chapter
103 143, exclusive of the return for the withholding of tax
104 under sections 143.191 to 143.265. If such exempt child
105 care provider is not required to file a tax return under the
106 provisions of chapter 143, the exempt child care provider

107 may claim a refund of the tax credit on a refund claim form
108 prescribed by the department of revenue. The department of
109 revenue shall prescribe such forms, instructions, and rules
110 as it deems appropriate to carry out the provisions of this
111 subsection.

112 7. (1) The cumulative amount of tax credits
113 authorized pursuant to this section shall not exceed twenty
114 million dollars for each calendar year. The department
115 shall approve tax credit applications on a first-come, first-
116 served basis until the cumulative tax credit authorization
117 limit is reached for the calendar year.

118 (2) If the maximum amount of tax credits allowed in
119 any calendar year as provided pursuant to subdivision (1) of
120 this subsection is authorized, the maximum amount of tax
121 credits allowed pursuant to subdivision (1) of this
122 subsection shall be increased by fifteen percent, provided
123 that all such increases in the allowable amount of tax
124 credits shall be reserved for child care providers located
125 in a child care desert. The director of the department
126 shall publish such adjusted amount.

127 8. The tax credit authorized by this section shall be
128 considered a domestic and social tax credit under
129 subdivision (5) of subsection 2 of section 135.800.

130 9. All action and communication undertaken or required
131 with respect to this section shall be exempt from section
132 105.1500. Notwithstanding section 32.057 or any other tax
133 confidentiality law to the contrary, the department of
134 revenue may disclose tax information to the department for
135 the purpose of the verification of a child care provider's
136 eligible employer withholding tax under this section.

137 10. The department may promulgate rules and adopt
138 statements of policy, procedures, forms and guidelines to
139 implement and administer the provisions of this section.

140 Any rule or portion of a rule, as that term is defined in
141 section 536.010, that is created pursuant to the authority
142 delegated in this section shall become effective only if it
143 complies with and is subject to all of the provisions of
144 chapter 536 and, if applicable, section 536.028. This
145 section and chapter 536 are nonseverable and if any of the
146 powers vested with the general assembly pursuant to chapter
147 536 to review, to delay the effective date, or to disapprove
148 and annul a rule are subsequently held unconstitutional,
149 then the grant of rulemaking authority and any rule proposed
150 or adopted after August 28, 2023, shall be invalid and void.

151 11. Pursuant to section 23.253 of the Missouri sunset
152 act:

153 (1) The program authorized under this section shall
154 expire on December 31, 2029, unless reauthorized by the
155 general assembly;

156 (2) The act shall terminate on September first of the
157 calendar year immediately following the calendar year in
158 which the program authorized under this section is sunset;

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

163 (4) The provisions of this subsection shall not be
164 construed to limit or in any way impair the department of
165 revenue's ability to redeem tax credits authorized on or
166 before the date the program authorized pursuant to this
167 section expires or a taxpayer's ability to redeem such tax
168 credits.

536.300. 1. Prior to submitting proposed rules for
2 adoption, amendment, revision, or repeal, under this chapter
3 the state agency shall determine whether the proposed
4 rulemaking affects small businesses and, if so, the

5 availability and practicability of less-restrictive
6 alternatives that could be implemented to achieve the same
7 results of the proposed rulemaking. This requirement shall
8 not apply to emergency rulemaking pursuant to section
9 536.025 or to constitutionally authorized rulemaking
10 pursuant to Article IV, Section 45 of the Missouri
11 Constitution. This requirement shall be in addition to the
12 fiscal note requirement of sections 536.200 to 536.210.

13 2. If the proposed rules affect small businesses, the
14 state agency shall consider creative, innovative, or
15 flexible methods of compliance for small business and
16 prepare a small business impact statement to be submitted to
17 the secretary of state and the joint committee on
18 administrative rules with the proposed rules. [A copy of
19 the proposed rules and the small business impact statement
20 shall also be filed with the board on the same date as they
21 are filed with the secretary of state.] Such business
22 impact statement and proposed rules shall be submitted to
23 the board prior to providing notice for a public hearing.
24 The statement shall provide a reasonable determination of
25 the following:

26 (1) The methods the agency considered or used to
27 reduce the impact on small businesses such as consolidation,
28 simplification, differing compliance, or reporting
29 requirements, less stringent deadlines, performance rather
30 than design standards, exemption, or any other mitigating
31 techniques;

32 (2) How the agency involved small businesses in the
33 development of the proposed rules;

34 (3) The probable monetary costs and benefits to the
35 implementing agency and other agencies directly affected,
36 including the estimated total amount the agency expects to
37 collect from any additionally imposed fees and the manner in

38 which the moneys will be used, if such costs are capable of
39 determination;

40 (4) A description of the small businesses that will be
41 required to comply with the proposed rules and how they may
42 be adversely affected, except in cases where the state
43 agency has filed a fiscal note that complies with all of the
44 provisions of section 536.205;

45 (5) In dollar amounts, the increase in the level of
46 direct costs, such as fees or administrative penalties, and
47 indirect costs, such as reporting, record keeping,
48 equipment, construction, labor, professional services,
49 revenue loss, or other costs associated with compliance if
50 such costs are capable of determination, except in cases
51 where the state agency has filed a fiscal note that complies
52 with all of the provisions of section 536.205;

53 (6) The business that will be directly affected by,
54 bear the cost of, or directly benefit from the proposed
55 rules;

56 (7) Whether the proposed rules include provisions that
57 are more stringent than those mandated by any comparable or
58 related federal, state, or county standards, with an
59 explanation of the reason for imposing the more-stringent
60 standard.

61 3. Any proposed rule that is required to have a small
62 business impact statement but does not include such a
63 statement shall be invalid and the secretary of state should
64 not publish the rule until such time as the statement is
65 provided. If the state agency determines that its proposed
66 rule does not affect small business, the state agency shall
67 so certify this finding in the transmittal letter to the
68 secretary of state, stating that it has determined that such
69 proposed rule will not have an economic impact on small
70 businesses and the secretary of state shall publish the rule.

71 4. [Sections 536.300 to 536.310] This section and
72 section 536.020 shall not apply where the proposed rule is
73 being promulgated on an emergency basis, where the rule is
74 federally mandated, or where the rule substantially codifies
75 existing federal or state law. Notwithstanding the
76 provisions of this section, federally mandated regulations
77 are subject to the federal Regulatory Flexibility Act as
78 amended by the Small Business Regulatory and Enforcement
79 Fairness Act of 1996, P.L. 96-354, as amended by P.L.
80 104.121. Any federally mandated regulations that do not
81 comply with these acts shall be subject to this section.

620.3500. Sections 620.3500 to 620.3530 shall be known
2 and may be cited as the "Missouri Rural Access to Capital
3 Act".

620.3505. As used in sections 620.3500 to 620.3530,
2 the following terms shall mean:

3 (1) "Affiliate", an entity that directly, or
4 indirectly through one or more intermediaries, controls, or
5 is controlled by, or is under common control with another
6 entity. An entity is controlled by another entity if the
7 controlling entity holds, directly or indirectly, the
8 majority voting or ownership interest in the controlled
9 entity or has control over day-to-day operations of the
10 controlled entity by contract or by law;

11 (2) "Affiliate capital", capital raised by the rural
12 investor directly or indirectly from sources, including
13 leverage sources, directors, members, employees, officers,
14 and affiliates of the rural investor, other than the amount
15 invested by the allocatee claiming the tax credits in
16 exchange for such allocation of tax credits;

17 (3) "Agribusiness", a business that produces or
18 provides any goods or services produced in this state
19 normally used by farmers, ranchers, or producers and

20 harvesters of aquatic products in their business operations,
21 or to improve the welfare or livelihood of such persons, or
22 is involved in the processing and marketing of agricultural
23 products, farm supplies, and input suppliers, or is engaged
24 in agribusiness as defined by the United States Department
25 of Agriculture, or if not engaged in such industries, the
26 department determines that such investment will be
27 beneficial to the rural area and the economic growth of the
28 state;

29 (4) "Applicable percentage", zero percent for the
30 initial credit allowance date and the second credit
31 allowance date, and fifteen percent for the next four credit
32 allowance dates;

33 (5) "Base employment", the total number of qualified
34 employees receiving taxable wages from the eligible business
35 in the tax year preceding the date of the initial capital
36 investment;

37 (6) "Base payroll", the total amount of taxable wages
38 paid by the eligible business to qualified employees in the
39 tax year preceding the date of the initial capital
40 investment;

41 (7) "Base revenue", the total net revenue earned by
42 the eligible business in the tax year preceding the date of
43 the initial capital investment;

44 (8) "Base taxable sales", the taxable sales of the
45 eligible business in the tax year preceding the date of the
46 initial investment;

47 (9) "Capital investment", any equity investment in a
48 rural fund by a rural investor which:

49 (a) Is acquired after the effective date of sections
50 620.3500 to 620.3530 at its original issuance solely in
51 exchange for cash;

52 (b) Has one hundred percent of its cash purchase price
53 used by the rural fund to make qualified investments in
54 eligible businesses located in this state by the third
55 credit allowance date; and

56 (c) Is designated by the rural fund as a capital
57 investment under sections 620.3500 to 620.3530 and is
58 certified by the department under the provisions of section
59 620.3510. This shall include any capital investment that
60 does not meet the provisions of subdivision (1) of
61 subsection 1 of section 620.3510 if such investment was a
62 capital investment in the hands of a prior holder;

63 (10) "Credit allowance date", the anniversary of the
64 initial credit allowance date;

65 (11) "Department", the Missouri department of economic
66 development;

67 (12) "Eligible business", a business that, at the time
68 of the initial qualified investment in the business:

69 (a) Has fewer than two hundred fifty employees;

70 (b) Has its principal business operations in this
71 state; and

72 (c) Is engaged in North American Industry
73 Classification System (NAICS) Sectors 11, 21, 22, 31-33, 48-
74 49, 62, or 811, or, if not engaged in such industries, the
75 department determines that such investment will be
76 beneficial to the rural area and economic growth of the
77 state.

78 Any business which is classified as an eligible business at
79 the time of the initial investment in such business by a
80 rural fund shall remain classified as an eligible business
81 and may receive follow-on investments from any rural fund,
82 and such follow-on investments shall be qualified
83 investments even though such business may not meet paragraph
84 (a) of this subdivision at the time of such investments;

85 (13) "Full-time employee", an employee of an eligible
86 business who is scheduled to work an average of at least
87 thirty-five hours per week for a twelve-month period;
88 (14) "Initial credit allowance date", the date on
89 which the department certifies a rural fund's capital
90 investment;
91 (15) "Leverage source", third party capital raised as
92 debt from a depository institution;
93 (16) "Maintained job", the number of qualified
94 employees at the eligible business at or below base
95 employment;
96 (17) "Maintained payroll", the total taxable wages
97 paid by the eligible business to qualified employees at or
98 below base payroll;
99 (18) "Maintained revenue", the total revenue earned by
100 the eligible business at or below base revenue;
101 (19) "Maintained taxable sales", the total taxable
102 sales of the eligible business at or below base taxable
103 sales;
104 (20) "New jobs", the number of qualified employees at
105 the eligible business less the eligible business' base
106 employment;
107 (21) "New payroll", the amount of taxable wages paid
108 to qualified employees at the eligible business less the
109 eligible business' base payroll;
110 (22) "New revenue", the total revenue earned by the
111 eligible business less the eligible business' base revenue;
112 (23) "New taxable sales", the total taxable sales of
113 the eligible business less the eligible business' base
114 taxable sales;
115 (24) "Principal business operations", the location
116 where at least sixty percent of a business's employees work
117 or where employees who are paid at least sixty percent of

118 such business's payroll work. A business that has agreed to
119 relocate employees using the proceeds of a qualified
120 investment to establish its principal business operations in
121 a new location shall be deemed to have its principal
122 business operations in such new location if it satisfied the
123 requirements of this subdivision no later than one hundred
124 eighty days after receiving a qualified investment;

125 (25) "Purchase price", the amount paid to the rural
126 fund that issues a capital investment which shall not exceed
127 the amount of capital investment authority certified under
128 the provisions of section 620.3510;

129 (26) "Qualified employee", an employee of an eligible
130 business who is scheduled to work an average of at least
131 thirty-five hours per week for a twelve-month period or
132 meets the customary practices accepted by that industry as
133 full time;

134 (27) "Qualified investment", any investment in an
135 eligible business or any loan to an eligible business with a
136 stated maturity date of at least one year after the date of
137 issuance, excluding revolving lines of credit and senior
138 secured debt unless the chief executive or similar officer
139 of the eligible business certifies that the eligible
140 business sought and was denied similar financing from a
141 depository institution, by a rural fund; provided that, with
142 respect to any one eligible business, the maximum amount of
143 investments made in such business by one or more rural
144 funds, on a collective basis with all of the businesses'
145 affiliates, with the proceeds of capital investments shall
146 be the greater of twenty percent of the rural fund's capital
147 investment authority or six million five hundred thousand
148 dollars, exclusive of investments made with repaid or
149 redeemed investments or interest or profits realized thereon;

150 (28) "Rural area", any area of this state that is set
151 out in the United States Department of Agriculture census
152 places map as published by the United States Department of
153 Agriculture with a census place population of less than
154 fifty thousand inhabitants;

155 (29) "Rural fund", an entity certified by the
156 department under the provisions of section 620.3510;

157 (30) "Rural investor", an entity that makes a capital
158 investment in a rural fund;

159 (31) "Senior secured debt", any loan that is secured
160 by a first mortgage on real estate with a loan-to-value
161 ratio of less than eighty percent;

162 (32) "State sharing ratio", the ratio determined by
163 taking the sum of the actual and projected direct and
164 indirect state and local tax revenue projected over a period
165 of at least ten subsequent years, as shown on the most
166 recent revenue impact assessment submitted by the rural fund
167 as required in subdivision (5) of subsection 1 of section
168 620.3530, divided by the amount of tax credit equity
169 contributed by the investors of the rural investor in
170 exchange for the tax credits authorized pursuant to sections
171 620.3500 to 620.3530;

172 (33) "State tax liability", any liability incurred by
173 any entity subject to the state income tax imposed under
174 chapter 143, excluding withholding tax imposed under
175 sections 143.191 to 143.265, or an insurance company paying
176 an annual tax on its gross premium receipts, including
177 retaliatory tax, or other financial institution paying taxes
178 to the state or any political subdivision of the state under
179 the provisions of chapter 148, or an express company which
180 pays an annual tax on its gross receipts in this state;

181 (34) "Taxable sales", taxable sales as reported to the
182 Missouri department of revenue, calculated as set forth in
183 sections 144.010 to 144.525;

184 (35) "Third party capital", the difference between the
185 rural fund's capital investment and the sum of the amount
186 invested by the allocatee claiming the tax credits and the
187 affiliate capital.

620.3510. 1. A rural fund that seeks to have an
2 equity investment certified as a capital investment eligible
3 for credits authorized under the provisions of sections
4 620.3500 to 620.3530 shall apply to the department. The
5 department shall begin accepting applications within ninety
6 days of the effective date of sections 620.3500 to
7 620.3530. The application shall include:

8 (1) The amount of capital investment requested;

9 (2) A copy of the applicant's or an affiliate of the
10 applicant's license as a rural business investment company
11 under 7 U.S.C. Section 2009cc or as a small business
12 investment company under 15 U.S.C. Section 681 and a
13 certificate executed by an executive officer of the
14 applicant attesting that such license remains in effect and
15 has not been revoked;

16 (3) Evidence that, as of the date the application is
17 submitted, the applicant or affiliates of the applicant have
18 invested:

19 (a) At least one hundred million dollars in nonpublic
20 companies located in counties within the United States with
21 a population of less than fifty thousand according to the
22 2020 decennial census of the United States; and

23 (b) At least thirty million dollars in nonpublic
24 companies located in Missouri;

25 (4) A business plan that includes a revenue impact
26 assessment projecting state and local tax revenue to be

27 generated by the applicant's proposed qualified investments,
28 prepared by a nationally recognized, third-party,
29 independent economic forecasting firm engaged by the
30 applicant using a dynamic economic forecasting model that
31 analyzes the applicant's business plan in yearly increments
32 over the ten years following the date the application is
33 submitted to the department. Such plan shall include an
34 estimate of the new and maintained jobs, new and maintained
35 payroll, new and maintained revenue, and new and maintained
36 taxable sales in this state as a result of the applicant's
37 qualified investments; and

38 (5) A nonrefundable application fee of five thousand
39 dollars payable to the department.

40 2. Within sixty days after the receipt of a completed
41 application, the department shall grant or deny the
42 application in full or in part. The department shall deny
43 the application if:

44 (1) The applicant does not satisfy all of the criteria
45 provided under subsection 1 of this section;

46 (2) The revenue impact assessment submitted with the
47 application does not demonstrate that the applicant's
48 business plan will result in a positive fiscal impact on
49 this state over a ten-year period that exceeds the
50 cumulative amount of tax credits that would be issued to the
51 applicant if the application were approved; or

52 (3) The department has already approved the maximum
53 amount of capital investment authority under section
54 620.3515.

55 3. If the department denies any part of the
56 application, it shall inform the applicant of the grounds
57 for such denial. If the applicant provides any additional
58 information required by the department or otherwise
59 completes its application within fifteen days of the notice

60 of denial, the application shall be considered complete as
61 of the original date of resubmission. If the applicant
62 fails to provide the information or fails to complete its
63 application within the fifteen-day period, the application
64 shall remain denied and shall be resubmitted in full with a
65 new submission date and a new application fee.

66 4. Upon approval of an application, the department
67 shall certify the proposed equity investment as a capital
68 investment eligible for credits under sections 620.3500 to
69 620.3530, subject to the limitations contained in section
70 620.3515. The department shall provide written notice of
71 the certification to the applicant, which shall include the
72 amount of the applicant's capital investment authority. The
73 department shall certify capital investments in the order
74 that the applications are received by the department.
75 Applications received on the same day shall be deemed to
76 have been received simultaneously. For applications that
77 are complete and received on the same day, the department
78 shall certify applications in proportionate percentages
79 based upon the ratio of the amount of capital investment
80 authority requested in an application to the total amount of
81 capital investment authority requested in all applications.

620.3515. 1. The department shall certify capital
2 investment authority under the provisions of sections
3 620.3500 to 620.3530 in amounts that would authorize not
4 more than sixteen million dollars in state tax credits to be
5 claimed against state tax liability in any calendar year,
6 excluding any credit amounts carried forward as provided
7 under subsection 1 of section 620.3520. Within ninety days
8 of the applicant receiving notice of certification, the
9 rural fund shall issue the capital investment to, and
10 receive cash in the amount of the certified amount from, a
11 rural investor. At least ten percent of the rural

12 investor's capital investment shall be composed of affiliate
13 capital. The rural fund shall provide the department with
14 evidence of the receipt of the cash investment within ninety-
15 five days of the applicant receiving notice of
16 certification. Such evidence shall include details of the
17 third-party capital raised, including from any leverage
18 source.

19 2. If the rural fund does not receive the cash
20 investment and issue the capital investment within such time
21 period following receipt of the certification notice, the
22 certification shall lapse and the rural fund shall not issue
23 the capital investment without reapplying to the department
24 for certification. Lapsed certifications shall revert to
25 the department and shall be reissued pro rata to applicants
26 whose capital investment allocations were reduced during the
27 immediately preceding application cycle in accordance with
28 the application process provided under subsection 4 of
29 section 620.3510. Any lapsed certification not reissued
30 within the same calendar year as the lapsed certification
31 was issued shall not be reissued.

32 3. A rural fund, before making a qualified investment,
33 may request from the department a written opinion as to
34 whether the business in which it proposes to invest is an
35 eligible business. Such request shall be on a form
36 developed by the department to be completed by the eligible
37 business and the rural fund. If the department fails to
38 notify the rural fund of its determination by the twentieth
39 business day following its receipt of the completed form and
40 all information necessary to form its opinion, the business
41 in which the rural fund proposes to invest shall be deemed
42 an eligible business.

620.3520. 1. Upon making a capital investment in a
2 rural fund, a rural investor shall have a vested right to

3 earn a tax credit that will be issued by the department that
4 may be used against such entity's state tax liability that
5 may be utilized on each credit allowance date of such
6 capital investment in an amount equal to the applicable
7 percentage for such credit allowance date multiplied by the
8 purchase price paid to the rural fund for the capital
9 investment. The amount of the credit claimed by a rural
10 investor shall not exceed the amount of such entity's state
11 tax liability for the tax year for which the credit is
12 claimed. Any amount of credit that a rural investor is
13 prohibited from claiming in a taxable year as a result of
14 this section may be carried forward for use in any of the
15 five subsequent taxable years, and shall not be carried back
16 to prior taxable years. A rural investor claiming a credit
17 under the provisions of sections 620.3500 to 620.3530 shall
18 not incur any additional tax that may arise as a result of
19 claiming such credit.

20 2. No credit claimed under the provisions of sections
21 620.3500 to 620.3530 shall be refundable or sellable on the
22 open market. Credits earned by or allocated to a
23 partnership, limited liability company, or S-corporation may
24 be allocated to the partners, members, or shareholders of
25 such entity for their direct use in accordance with the
26 provisions of any agreement among such partners, members, or
27 shareholders, and a rural fund shall notify the department
28 of the names of the entities that are eligible to utilize
29 credits pursuant to an allocation of credits or a change in
30 allocation of credits, or due to a transfer of a capital
31 investment upon such allocation, change, or transfer. Such
32 allocation shall not be considered a sale for the purposes
33 of this section.

34 3. The department may recapture credits from a
35 taxpayer that claimed a credit authorized under this section
36 if:

37 (1) The rural fund does not invest sixty percent of
38 its capital investment authority in qualified investments in
39 this state within two years of the credit allowance date,
40 and one hundred percent of its capital investment authority
41 in qualified investments in this state within three years of
42 the credit allowance date, provided that at least seventy
43 percent of such initial qualified investments shall be made
44 in eligible businesses located in rural areas or eligible
45 businesses that are also agribusinesses. In no event shall
46 more than thirty percent of such initial qualified
47 investments be made in eligible businesses located outside
48 of a rural area;

49 (2) The rural fund fails to maintain qualified
50 investments equal to ninety percent of its capital
51 investment authority from the third until the sixth credit
52 allowance date, with seventy percent of such investments
53 maintained in eligible businesses located in rural areas or
54 eligible businesses that are also agribusinesses, provided
55 that in no event shall more than thirty percent of such
56 qualified investments be made in eligible businesses located
57 outside of a rural area. For each year the rural fund fails
58 to maintain such investments, the department may recapture
59 an amount of such year's allowed credits equal to the
60 percentage difference between ninety percent of a rural
61 fund's capital investment authority and the actual amount of
62 qualified investments maintained for such year. For the
63 purposes of this subdivision, a qualified investment is
64 considered maintained even if the qualified investment was
65 sold or repaid so long as the rural fund reinvests an amount
66 equal to the capital returned or recovered by the rural fund

67 from the original investment, exclusive of any profits
68 realized, in other qualified investments in this state
69 within twelve months of the receipt of such capital.
70 Amounts received periodically by a rural fund shall be
71 treated as continually invested in qualified investments if
72 the amounts are reinvested in one or more qualified
73 investments by the end of the following calendar year. A
74 rural fund shall not be required to reinvest capital
75 returned from qualified investments after the fifth credit
76 allowance date, and such qualified investments shall be
77 considered held continuously by the rural fund through the
78 sixth credit allowance date;

79 (3) The rural fund, before exiting the program in
80 accordance with sections 620.3500 to 620.3530 or prior to
81 thirty days after the sixth credit allowance date, whichever
82 is earlier, makes a distribution or payment that results in
83 the rural fund having less than one hundred percent of its
84 capital investment authority invested in qualified
85 investments in this state or held in cash or other
86 marketable securities, provided a rural fund shall be
87 permitted to make distributions in amounts necessary for the
88 principal and interest payments due to the leverage source;
89 or

90 (4) The rural fund violates the provisions of section
91 620.3525, in which case the department may recapture an
92 amount equal to the amount of a rural fund's capital
93 investment authority found to be in violation of such
94 provisions.

95 For the purposes of meeting and maintaining the objectives
96 established for investment in subdivisions (1) and (2) of
97 this subsection, a rural fund's qualified investments shall
98 be multiplied by a factor of one and a quarter in counties
99 with less than thirty thousand in population and more than

100 thirteen thousand in population and shall be multiplied by a
101 factor of one and a half in counties with a population of
102 thirteen thousand or less according to the most recent
103 decennial census.

104 4. No recapture shall occur until the rural fund has
105 been given notice of noncompliance and afforded six months
106 from the date of such notice to cure the noncompliance.

620.3525. No eligible business that receives a
2 qualified investment under the provisions of sections
3 620.3500 to 620.3530, or any affiliates of such eligible
4 businesses, shall directly or indirectly:

5 (1) Own or have the right to acquire an ownership
6 interest in a rural fund or member or affiliate of a rural
7 fund, including, but not limited to, a holder of a capital
8 investment issued by the rural fund; or

9 (2) Loan to or invest in a rural fund or member or
10 affiliate of a rural fund, including, but not limited to, a
11 holder of a capital investment issued by a rural fund, where
12 the proceeds of such loan or investment are directly or
13 indirectly used to fund or refinance the purchase of a
14 capital investment under sections 620.3500 to 620.3530.

620.3530. 1. Rural funds shall submit a report to the
2 department within the first fifteen business days after the
3 second and third credit allowance date. The report
4 following the second credit allowance date shall provide
5 documentation as to the investment of sixty percent of the
6 purchase price of such capital investment in qualified
7 investments. The report following the third credit
8 allowance date shall provide documentation as to the
9 investment of one hundred percent of the purchase price of
10 such capital investment in qualified investments. For all
11 subsequent years, rural funds shall submit an annual report
12 to the department within ninety days of the beginning of the

13 calendar year during the compliance period. Unless
14 previously reported pursuant to this subsection, such
15 reports shall also include:

16 (1) The name and location of each eligible business
17 receiving a qualified investment;

18 (2) Bank statements of such rural fund evidencing each
19 qualified investment;

20 (3) A copy of the written opinion of the department,
21 as provided in subsection 3 of section 620.3515, or evidence
22 that such business was an eligible business at the time of
23 such qualified investment, as applicable;

24 (4) The total number of new jobs, maintained jobs, new
25 payroll, maintained payroll, new revenue, and maintained
26 revenue by each eligible business receiving a qualified
27 investment from a rural fund;

28 (5) A revenue impact assessment projecting state and
29 local tax revenue actually generated and projected to be
30 generated from a rural fund's qualified investments,
31 prepared by a nationally recognized, third party,
32 independent firm engaged by the rural fund, using a dynamic
33 forecasting model that projects the direct and indirect
34 state and local tax revenue for a period of not less than
35 ten years; and

36 (6) Such other information as required by the
37 department.

38 2. The program authorized pursuant to sections
39 620.3500 to 620.3530 shall be considered a business
40 recruitment tax credit under subdivision (4) of subsection 2
41 of section 135.800, and any rural fund approved under this
42 program shall be subject to the provisions of sections
43 135.800 to 135.830.

44 3. On or after the sixth anniversary of the initial
45 credit allowance date, a rural fund may apply to the

46 department to exit the program and no longer be subject to
47 regulation under the provisions of sections 620.3500 to
48 620.3530. Such request shall be on a form developed by the
49 department to be completed by the rural fund. The
50 department shall respond to the exit application within
51 thirty days of receipt of the completed form. In evaluating
52 the exit application, the fact that no credits have been
53 recaptured and that the rural fund has not received a notice
54 of recapture that has not been cured pursuant to subsection
55 4 of section 620.3520 shall be sufficient evidence to prove
56 that the rural fund is eligible for exit. The department
57 shall not unreasonably deny, delay, or withhold its
58 determination of an exit application submitted under this
59 subsection. If the exit application is denied, the notice
60 shall include the reasons for such determination.

61 4. Upon exit from the program in accordance with
62 subsection 3 of this section, in the event the state sharing
63 ratio is less than one, the state shall receive a share of
64 distributions made with respect to the capital investment
65 raised by the rural fund equal to one minus the state
66 sharing ratio multiplied by the amount of tax credit equity
67 contributed by the investors of the rural investor in
68 exchange for the tax credits authorized pursuant to sections
69 620.3500 to 620.3530, provided the rural fund may make
70 distributions to make payments on the leverage source in an
71 amount not to exceed principal and interest owed on the
72 leverage source. A rural fund shall be credited against any
73 amounts due to the state pursuant to this subsection an
74 amount equal to the sum of any tax credits recaptured
75 pursuant to subsection 3 of section 620.3520 plus any
76 unreturned principal of a qualified investment that the
77 rural fund reasonably determines is not likely to be repaid.

78 5. Pursuant to section 23.253 of the Missouri sunset
79 act:

80 (1) The program authorized under sections 620.3500 to
81 620.3530 shall expire on August 28, 2029, unless
82 reauthorized by the general assembly; and

83 (2) Sections 620.3500 to 620.3530 shall terminate on
84 September first of the calendar year immediately following
85 the calendar year in which the program authorized under
86 sections 620.3500 to 620.3530 is sunset; and

87 (3) If such program is reauthorized, the program
88 authorized under sections 620.3500 to 620.3530 shall
89 automatically sunset six years after the effective date of
90 the reauthorization of sections 620.3500 to 620.3530; and

91 (4) Nothing in this subsection shall preclude a rural
92 fund that has received certified capital investment
93 authority from the department prior to the expiration of
94 sections 620.3500 to 620.3530 from issuing the capital
95 investment pursuant to that authority in accordance with
96 sections 620.3500 to 620.3530.

97 6. The department may adopt such rules, statements of
98 policy, procedures, forms, and guidelines as may be
99 necessary to carry out the provisions of sections 620.3500
100 to 620.3530. Any rule or portion of a rule, as that term is
101 defined in section 536.010, that is created under the
102 authority delegated in this section shall become effective
103 only if it complies with and is subject to all of the
104 provisions of chapter 536 and, if applicable, section
105 536.028. This section and chapter 536 are nonseverable and
106 if any of the powers vested with the general assembly
107 pursuant to chapter 536 to review, to delay the effective
108 date, or to disapprove and annul a rule are subsequently
109 held unconstitutional, then the grant of rulemaking

110 authority and any rule proposed or adopted after August 28,
111 2023, shall be invalid and void.

620.3800. There is hereby created within the
2 department of economic development the "Office of
3 Entrepreneurship". The office shall employ an individual to
4 promote policies and initiatives to support the growth of
5 entrepreneurship of Missouri-based businesses with less than
6 ten employees, including entrepreneurship within racial
7 minority groups, as such term is defined in section 37.013,
8 and women and veteran entrepreneurship, in the state. The
9 office shall work with Missouri stakeholders and
10 communities, including minority communities, to provide
11 information and technical support to entrepreneurs. The
12 office shall support and advise the office of administration
13 with preparing the report pursuant to subsection 3 of
14 section 34.195.

620.3900. 1. Sections 620.3900 to 620.3930 shall be
2 known and may be cited as the "Regulatory Sandbox Act".

3 2. For the purposes of sections 620.3900 to 620.3930,
4 the following terms shall mean:

5 (1) "Advisory committee", the general regulatory
6 sandbox program advisory committee created in section
7 620.3910;

8 (2) "Applicable agency", a department or agency of the
9 state that by law regulates a business activity and persons
10 engaged in such business activity, including the issuance of
11 licenses or other types of authorization, and which the
12 regulatory relief office determines would otherwise regulate
13 a sandbox participant. A participant may fall under
14 multiple applicable agencies if multiple agencies regulate
15 the business activity that is subject to the sandbox program
16 application. "Applicable agency" shall not include the

17 division of professional registration and its boards,
18 commissions, committees, and offices;
19 (3) "Applicant" or "sandbox applicant", a person or
20 business that applies to participate in the sandbox program;
21 (4) "Consumer", a person who purchases or otherwise
22 enters into a transaction or agreement to receive a product
23 or service offered through the sandbox program pursuant to a
24 demonstration by a program participant;
25 (5) "Demonstrate" or "demonstration", to temporarily
26 provide an offering of an innovative product or service in
27 accordance with the provisions of the sandbox program;
28 (6) "Department", the department of economic
29 development;
30 (7) "Innovation", the use or incorporation of a new
31 idea, a new or emerging technology, or a new use of existing
32 technology to address a problem, provide a benefit, or
33 otherwise offer a product, production method, or service;
34 (8) "Innovative offering", an offering of a product or
35 service that includes an innovation;
36 (9) "Product", a commercially distributed good that is:
37 (a) Tangible personal property; and
38 (b) The result of a production process;
39 (10) "Production", the method or process of creating
40 or obtaining a good, which may include assembling, breeding,
41 capturing, collecting, extracting, fabricating, farming,
42 fishing, gathering, growing, harvesting, hunting,
43 manufacturing, mining, processing, raising, or trapping a
44 good;
45 (11) "Regulatory relief office", the office
46 responsible for administering the sandbox program within the
47 department;
48 (12) "Sandbox participant" or "participant", a person
49 or business whose application to participate in the sandbox

50 program is approved in accordance with the provisions of
51 section 620.3915;

52 (13) "Sandbox program", the general regulatory sandbox
53 program created in sections 620.3900 to 620.3930 that allows
54 a person to temporarily demonstrate an innovative offering
55 of a product or service under a waiver or suspension of one
56 or more state regulations;

57 (14) "Sandbox program director", the director of the
58 regulatory relief office;

59 (15) "Service", any commercial activity, duty, or
60 labor performed for another person or business. "Service"
61 shall not include a product or service when its use would
62 impact rates, statutorily authorized service areas, or
63 system safety or reliability of an electrical corporation or
64 gas corporation, as defined in section 386.020, as
65 determined by the public service commission, or of any rural
66 electric cooperative organized or operating under the
67 provisions of chapter 394, or to any corporation organized
68 on a nonprofit or a cooperative basis as described in
69 subsection 1 of section 394.200, or to any electrical
70 corporation operating under a cooperative business plan as
71 described in subsection 2 of section 393.110, or of any
72 municipally owned utility organized or operating under the
73 provisions of chapter 91, or of any joint municipal utility
74 commission organized or operating under the provisions of
75 sections 393.700 to 393.770.

620.3905. 1. There is hereby created within the
2 department of economic development the "Regulatory Relief
3 Office", which shall be administered by the sandbox program
4 director. The sandbox program director shall report to the
5 director of the department and may appoint staff, subject to
6 the approval of the director of the department.

7 2. The regulatory relief office shall:

8 (1) Administer the sandbox program pursuant to
9 sections 620.3900 to 620.3930;

10 (2) Act as a liaison between private businesses and
11 applicable agencies that regulate such businesses to
12 identify state regulations that could potentially be waived
13 or suspended under the sandbox program;

14 (3) Consult with each applicable agency; and

15 (4) Establish a program to enable a person to obtain
16 monitored access to the market in the state along with legal
17 protections for a product or service related to the
18 regulations that are being waived as a part of participation
19 in the sandbox program, in order to demonstrate an
20 innovative product or service without obtaining a license or
21 other authorization that might otherwise be required.

22 3. The regulatory relief office shall:

23 (1) Review state laws and regulations that may
24 unnecessarily inhibit the creation and success of new
25 companies or industries and provide recommendations to the
26 governor and the general assembly on modifying or repealing
27 such state laws and regulations;

28 (2) Create a framework for analyzing the risk level of
29 the health, safety, and financial well-being of consumers
30 related to permanently removing or temporarily waiving
31 regulations inhibiting the creation or success of new and
32 existing companies or industries;

33 (3) Propose and enter into reciprocity agreements
34 between states that use or are proposing to use similar
35 regulatory sandbox programs as described in sections
36 620.3900 to 620.3930, provided that such reciprocity
37 agreement is supported by a majority vote of the advisory
38 committee and the regulatory relief office is directed by an
39 order of the governor to pursue such reciprocity agreement;

40 (4) Enter into agreements with or adopt best practices
41 of corresponding federal regulatory agencies or other states
42 that are administering similar programs;

43 (5) Consult with businesses in the state about
44 existing or potential proposals for the sandbox program; and

45 (6) In accordance with the provisions of chapter 536
46 and the provisions of sections 620.3900 to 620.3930, make
47 rules regarding the administration of the sandbox program,
48 including making rules regarding the application process and
49 the reporting requirements of sandbox participants. Any
50 rule or portion of a rule, as that term is defined in
51 section 536.010, that is created under the authority
52 delegated in this section shall become effective only if it
53 complies with and is subject to all of the provisions of
54 chapter 536 and, if applicable, section 536.028. This
55 section and chapter 536 are nonseverable and if any of the
56 powers vested with the general assembly pursuant to chapter
57 536 to review, to delay the effective date, or to disapprove
58 and annul a rule are subsequently held unconstitutional,
59 then the grant of rulemaking authority and any rule proposed
60 or adopted after August 28, 2023, shall be invalid and void.

61 4. (1) The regulatory relief office shall create and
62 maintain on the department's website a web page that invites
63 residents and businesses in the state to make suggestions
64 regarding laws and regulations that could be modified or
65 eliminated to reduce the regulatory burden on residents and
66 businesses in the state.

67 (2) On at least a quarterly basis, the regulatory
68 relief office shall compile the relevant suggestions from
69 the web page created pursuant to subdivision (1) of this
70 subsection and provide a written report to the governor and
71 the general assembly.

72 (3) In creating the report described in subdivision
73 (2) of this subsection, the regulatory relief office:
74 (a) Shall provide the identity of residents and
75 businesses that make suggestions on the web page if those
76 residents and businesses wish to comment publicly, and shall
77 ensure that the private information of residents and
78 businesses that make suggestions on the web page is not made
79 public if they do not wish to comment publicly; and
80 (b) May evaluate the suggestions and provide analysis
81 and suggestions regarding which state laws and regulations
82 could be modified or eliminated to reduce the regulatory
83 burden on residents and businesses in the state while still
84 protecting consumers.

85 5. (1) By October first of each year, the department
86 shall submit an annual report to the governor, the general
87 assembly, and to each state agency which shall include:
88 (a) Information regarding each participant in the
89 sandbox program, including industries represented by each
90 participant and the anticipated or actual cost savings that
91 each participant experienced;
92 (b) The anticipated or actual benefit to consumers
93 created by each demonstration in the sandbox program;
94 (c) Recommendations regarding any laws or regulations
95 that should be permanently modified or repealed;
96 (d) Information regarding any health and safety events
97 related to the activities of a participant in the sandbox
98 program;
99 (e) Recommendations for changes to the sandbox program
100 or other duties of the regulatory relief office;
101 (f) Concerns raised by consumers and stakeholders
102 regarding demonstrations; and
103 (g) Harms and benefits to the state as a result of
104 current demonstrations.

105 (2) The department may provide an interim report from
106 the sandbox program director to the governor and general
107 assembly on specific, time-sensitive issues for the
108 functioning of the sandbox program, for the health and
109 safety of consumers, for the success of participants in the
110 program, and for other issues of urgent need.

620.3910. 1. There is hereby created within the
2 department of economic development the "General Regulatory
3 Sandbox Program Advisory Committee", to be composed of the
4 following members:

5 (1) The director of the department of economic
6 development or his or her designee;

7 (2) The director of the department of commerce and
8 insurance or his or her designee;

9 (3) The attorney general or his or her designee;

10 (4) Two members of the public to be appointed by the
11 governor;

12 (5) A member of the public or of an institution of
13 higher education, to be appointed by the governor;

14 (6) A member of an institution of higher education, to
15 be appointed by the director of the department of higher
16 education and workforce development;

17 (7) Two members of the house of representatives, one
18 to be appointed by the speaker of the house of
19 representatives and one to be appointed by the minority
20 leader of the house of representatives; and

21 (8) Two members of the senate, one to be appointed by
22 the president pro tempore of the senate and one to be
23 appointed by the minority leader of the senate;

24 2. (1) Advisory committee members shall be appointed
25 to a four-year term. Members who cease holding elective
26 office shall be replaced by the speaker or minority leader
27 of the house of representatives or the president pro tempore

28 or minority floor leader of the senate, as applicable. The
29 sandbox program director may establish the terms of initial
30 appointments so that approximately half of the advisory
31 committee is appointed every two years.

32 (2) The sandbox program director shall select a chair
33 of the advisory committee every two years in consultation
34 with the members of the advisory committee.

35 (3) No appointee of the governor, speaker of the house
36 of representatives, or president pro tempore of the senate
37 may serve more than two consecutive complete terms.

38 3. A majority of the advisory committee shall
39 constitute a quorum for the purpose of conducting business,
40 and the action of a majority of a quorum shall constitute
41 the action of the advisory committee, except as provided in
42 subsection 4 of this section.

43 4. The advisory committee may, at its own discretion,
44 meet to override a decision of the regulatory relief office
45 on the admission or denial of an applicant to the sandbox
46 program, provided such override is decided with a two-thirds
47 majority vote of the members of the advisory committee, and
48 further provided that such vote shall be taken within
49 fifteen business days of the regulatory relief office's
50 decision, and further provided that the risks posed to
51 consumer health and safety do not outweigh the intended
52 benefits.

53 5. The advisory committee shall advise and make
54 recommendations to the regulatory relief office on whether
55 to approve applications to the sandbox program pursuant to
56 section 620.3915.

57 6. The regulatory relief office shall provide
58 administrative staff support for the advisory committee.

59 7. The members of the advisory committee shall serve
60 without compensation, but may be reimbursed for any actual

61 and necessary expenses incurred in the performance of the
62 advisory committee's official duties.

63 8. Meetings of the advisory committee shall be
64 considered public meetings for the purposes of chapter 610.
65 However, a meeting of the committee shall be a closed
66 meeting if the purpose of the meeting is to discuss an
67 application for participation in the regulatory sandbox
68 program and failing to hold a closed meeting would reveal
69 information that constitutes proprietary or confidential
70 trade secrets. Upon approval by a majority vote by members
71 of the advisory committee, the advisory committee shall be
72 allowed to conduct remote meetings, and individual members
73 shall be allowed to attend meetings remotely. The advisory
74 committee shall provide the public the ability to view any
75 such remote meetings.

620.3915. 1. An applicant for the sandbox program
2 shall provide to the regulatory relief office an application
3 in a form prescribed by the regulatory relief office that:

4 (1) Confirms the applicant is subject to the
5 jurisdiction of the state;

6 (2) Confirms the applicant has established physical
7 residence or a virtual location in the state from which the
8 demonstration of an innovative offering will be developed
9 and performed, and where all required records, documents,
10 and data will be maintained;

11 (3) Contains relevant personal and contact information
12 for the applicant, including legal names, addresses,
13 telephone numbers, email addresses, website addresses, and
14 other information required by the regulatory relief office;

15 (4) Discloses criminal convictions of the applicant or
16 other participating personnel, if any; and

17 (5) Contains a description of the innovative offering
18 to be demonstrated, including statements regarding:

- 19 (a) How the innovative offering is subject to
20 licensing, legal prohibition, or other authorization
21 requirements outside of the sandbox program;
- 22 (b) Each regulation that the applicant seeks to have
23 waived or suspended while participating in the sandbox
24 program;
- 25 (c) How the innovative offering would benefit
26 consumers;
- 27 (d) How the innovative offering is different from
28 other innovative offerings available in the state;
- 29 (e) The risks that might exist for consumers who use
30 or purchase the innovative offering;
- 31 (f) How participating in the sandbox program would
32 enable a successful demonstration of the innovative offering
33 of an innovative product or service;
- 34 (g) A description of the proposed demonstration plan,
35 including estimated time periods for beginning and ending
36 the demonstration;
- 37 (h) Recognition that the applicant will be subject to
38 all laws and regulations pertaining to the applicant's
39 innovative offering after the conclusion of the
40 demonstration;
- 41 (i) How the applicant will end the demonstration and
42 protect consumers if the demonstration fails;
- 43 (j) A list of each applicable agency, if any, that the
44 applicant knows regulates the applicant's business; and
- 45 (k) Any other required information as determined by
46 the regulatory relief office.
- 47 2. An applicant shall remit to the regulatory relief
48 office an application fee of three hundred dollars per
49 application for each innovative offering. Such application
50 fees shall be used by the regulatory relief office solely

51 for the purpose of implementing the provisions of sections
52 620.3900 to 620.3930.

53 3. An applicant shall file a separate application for
54 each innovative offering that the applicant wishes to
55 demonstrate.

56 4. An applicant for the sandbox program may contact
57 the regulatory relief office to request a consultation
58 regarding the sandbox program before submitting an
59 application. The regulatory relief office may provide
60 assistance to an applicant in preparing an application for
61 submission.

62 5. (1) After an application is filed, the regulatory
63 relief office shall:

64 (a) Consult with each applicable agency that regulates
65 the applicant's business regarding whether more information
66 is needed from the applicant; and

67 (b) Seek additional information from the applicant
68 that the regulatory relief office determines is necessary.

69 (2) No later than fifteen business days after the day
70 on which a completed application is received by the
71 regulatory relief office, the regulatory relief office shall:

72 (a) Review the application and refer the application
73 to each applicable agency that regulates the applicant's
74 business; and

75 (b) Provide to the applicant:

76 a. An acknowledgment of receipt of the application; and

77 b. The identity and contact information of each
78 applicable agency to which the application has been referred
79 for review.

80 (3) No later than sixty days after the day on which an
81 applicable agency receives a completed application for
82 review, the applicable agency shall provide a written report

83 to the sandbox program director with the applicable agency's
84 findings. Such report shall:

85 (a) Describe any identifiable, likely, and significant
86 harm to the health, safety, or financial well-being of
87 consumers that the relevant regulation protects against; and

88 (b) Make a recommendation to the regulatory relief
89 office that the applicant either be admitted or denied
90 entrance into the sandbox program.

91 (4) An applicable agency may request an additional ten
92 business days to deliver the written report required by
93 subdivision (3) of this subsection by providing notice to
94 the sandbox program director, which request shall
95 automatically be granted. An applicable agency may request
96 only one extension per application. The sandbox program
97 director may also provide an additional extension to the
98 applicable agency for cause.

99 (5) If an applicable agency recommends an applicant
100 under this section be denied entrance into the sandbox
101 program, the written report required by subdivision (3) of
102 this subsection shall include a description of the reasons
103 for such recommendation, including the reason a temporary
104 waiver or suspension of the relevant regulations would
105 potentially significantly harm the health, safety, or
106 financial well-being of consumers or the public and the
107 assessed likelihood of such harm occurring.

108 (6) If an applicable agency determines that the
109 consumer's or public's health, safety, or financial well-
110 being can be protected through less restrictive means than
111 the existing relevant laws or regulations, the applicable
112 agency shall provide a recommendation of how that can be
113 achieved.

114 (7) If an applicable agency fails to deliver the
115 written report required by subdivision (3) of this

116 subsection, the sandbox program director shall provide a
117 final notice to the applicable agency for delivery of the
118 written report. If the report is not delivered within five
119 days of such final notice, the sandbox program director
120 shall assume that the applicable agency does not object to
121 the temporary waiver or suspension of the relevant
122 regulations for an applicant seeking to participate in the
123 sandbox program.

124 6. (1) Notwithstanding any provision of this section
125 to the contrary, an applicable agency may, by written notice
126 to the regulatory relief office:

127 (a) Reject an application, provided such rejection
128 occurs within forty-five days after the day on which the
129 applicable agency receives a complete application for
130 review, or within fifty days if an extension has been
131 requested by the applicable agency, if the applicable agency
132 determines, in the applicable agency's sole discretion, that
133 the applicant's offering fails to comply with standards or
134 specifications:

135 a. Required by federal rule or regulation;
136 b. Previously approved for use by a federal agency; or
137 c. In which the rule or regulation is supported by way
138 of federal funding; or

139 (b) Reject an application preliminarily approved by
140 the regulatory relief office, if the applicable agency:

141 a. Recommends rejection of the application in the
142 applicable agency's written report submitted pursuant to
143 subdivision (3) of subsection 5 of this section; and

144 b. Provides in the written report submitted pursuant
145 to subdivision (3) of subsection 5 of this section a
146 description of the applicable agency's reasons approval of
147 the application would create a substantial risk of harm to

148 the health or safety of the public, or create unreasonable
149 expenses for taxpayers in the state.

150 (2) If any applicable agency rejects an application on
151 a nonpreliminary basis pursuant to subdivision (1) of this
152 subsection, the regulatory relief office shall not approve
153 the application.

154 7. (1) The sandbox program director shall provide all
155 applications and associated written reports to the advisory
156 committee upon receiving a written report from an applicable
157 agency.

158 (2) The sandbox program director may call the advisory
159 committee to meet as needed, but not less than once per
160 quarter if applications are available for review.

161 (3) After receiving and reviewing the application and
162 each associated written report, the advisory committee shall
163 provide to the sandbox program director the advisory
164 committee's recommendation as to whether the applicant
165 should be admitted as a sandbox participant.

166 (4) As part of the advisory committee's review of each
167 report, the advisory committee shall use criteria used by
168 applicable agencies to evaluate applications.

169 8. The regulatory relief office shall consult with
170 each applicable agency and the advisory committee before
171 admitting an applicant into the sandbox program. Such
172 consultation may include seeking information and giving
173 consideration to whether:

174 (1) The applicable agency has previously issued a
175 license or other authorization to the applicant; and

176 (2) The applicable agency has previously investigated,
177 sanctioned, or pursued legal action against the applicant
178 and the reasons for such actions.

179 9. In reviewing an application under this section, the
180 regulatory relief office and applicable agencies shall
181 consider whether:

182 (1) A competitor to the applicant is or has been a
183 sandbox participant and, if so, weigh that as a factor in
184 favor of allowing the applicant to also become a sandbox
185 participant;

186 (2) The applicant's plan will adequately protect
187 consumers from potential harm identified by an applicable
188 agency in the applicable agency's written report;

189 (3) The risk of harm to consumers is outweighed by the
190 potential benefits to consumers from the applicant's
191 participation in the sandbox program; and

192 (4) Certain state regulations that regulate an
193 innovative offering should not be waived or suspended even
194 if the applicant is approved as a sandbox participant,
195 including applicable anti-fraud or disclosure provisions.

196 10. An applicant shall become a sandbox participant if
197 the regulatory relief office approves the application for
198 the sandbox program and enters into a written agreement with
199 the applicant describing the specific regulations that are
200 waived or suspended as part of participation in the sandbox
201 program. Notwithstanding any other provision of this
202 section to the contrary, the regulatory relief office shall
203 not enter into a written agreement with an applicant that
204 exempts the applicant from any income, property, or sales
205 tax liability unless such applicant otherwise qualifies for
206 an exemption from such tax.

207 11. (1) The sandbox program director may deny at his
208 or her sole discretion any application submitted under this
209 section for any reason, including if the sandbox program
210 director determines that the preponderance of evidence
211 demonstrates that suspending or waiving enforcement of a

212 regulation would cause significant risk of harm to consumers
213 or residents of the state.

214 (2) If the sandbox program director denies an
215 application submitted under this section, the regulatory
216 relief office shall provide to the applicant a written
217 description of the reasons for not allowing the applicant to
218 become a sandbox participant.

219 (3) The denial of an application submitted under this
220 section shall not be subject to judicial or administrative
221 review.

222 (4) The acceptance or denial of an application
223 submitted under this section may be overridden by an
224 affirmative vote of a two-thirds majority of the advisory
225 committee at the discretion of the advisory committee,
226 provided such vote shall take place within fifteen business
227 days of the sandbox program director's decision.
228 Notwithstanding any other provision of this section to the
229 contrary, the advisory committee shall not override a
230 rejection made by an applicable agency.

231 (5) The sandbox program director shall deny an
232 application for participation in the sandbox program if the
233 applicant or any person who seeks to participate with the
234 applicant in demonstrating an innovative offering has been
235 convicted, entered into a plea of nolo contendere, or
236 entered a plea of guilty or nolo contendere held in
237 abeyance, for any crime involving significant theft, fraud,
238 or dishonesty if the crime bears a significant relationship
239 to the applicant's or other participant's ability to safely
240 and competently participate in the sandbox program.

241 12. When an applicant is approved for participation in
242 the sandbox program, the sandbox program director shall
243 provide notice of the approval on the department's website.

244 13. Applications to participate in the sandbox program
245 shall be considered public records for the purposes of
246 chapter 610, provided, however, that any information
247 contained in such applications that constitutes proprietary
248 or confidential trade secrets shall not be subject to
249 disclosure pursuant to chapter 610.

2 620.3920. 1. If the regulatory relief office approves
3 an application pursuant to section 620.3915, the sandbox
4 participant shall have twenty-four months after the day on
5 which the application was approved to demonstrate the
6 innovative offering described in the sandbox participant's
7 application.

8 2. An innovative offering that is demonstrated within
9 the sandbox program shall only be available to consumers who
10 are residents of Missouri or of another state. No
11 regulation shall be waived or suspended if waiving or
12 suspending such regulation would prevent a consumer from
13 seeking restitution in the event that the consumer is harmed.

14 3. Nothing in sections 620.3900 to 620.3930 shall
15 restrict a sandbox participant that holds a license or other
16 authorization in another jurisdiction from acting in that
17 jurisdiction in accordance with such license or other
18 authorization.

19 4. (1) During the demonstration period, a sandbox
20 participant shall not be subject to the enforcement of state
21 regulations identified in the written agreement between the
22 regulatory relief office and the sandbox participant.

23 (2) A prosecutor shall not file or pursue charges for
24 failing to comply with the regulation identified in the
25 written agreement between the regulatory relief office and
26 the sandbox participant that occurs during an approved
demonstration period.

27 (3) A state agency shall not file or pursue any
28 punitive action against a sandbox participant, including a
29 fine or license suspension or revocation, for the violation
30 of a regulation that is identified as being waived or
31 suspended in the written agreement between the regulatory
32 relief office and the sandbox participant that occurs during
33 the demonstration period.

34 5. Notwithstanding any provision of this section to
35 the contrary, a sandbox participant shall not have immunity
36 related to any criminal offense committed during the sandbox
37 participant's participation in the sandbox program.

38 6. By written notice, the regulatory relief office may
39 end a sandbox participant's participation in the sandbox
40 program at any time and for any reason, including if the
41 sandbox program director determines that a sandbox
42 participant is not operating in good faith to bring an
43 innovative offering to market; provided, however, that the
44 sandbox program director's decision may be overridden by an
45 affirmative vote of a two-thirds majority of the members of
46 the advisory committee.

47 7. The regulatory relief office and regulatory relief
48 office's employees shall not be liable for any business
49 losses or the recouping of application expenses or other
50 expenses related to the sandbox program, including for:

51 (1) Denying an applicant's application to participate
52 in the sandbox program for any reason; or

53 (2) Ending a sandbox participant's participation in
54 the sandbox program at any time and for any reason.

620.3925. 1. Before demonstrating an innovative
2 offering to a consumer, a sandbox participant shall disclose
3 the following information to the consumer:

4 (1) The name and contact information of the sandbox
5 participant;

6 (2) A statement that the innovative offering is
7 authorized pursuant to the sandbox program and, if
8 applicable, that the sandbox participant does not have a
9 license or other authorization to provide an innovative
10 offering under state laws that regulate offerings outside of
11 the sandbox program;

12 (3) A statement that specific regulations have been
13 waived for the sandbox participant for the duration of its
14 demonstration in the sandbox program, with a summary of such
15 waived regulations;

16 (4) A statement that the innovative offering is
17 undergoing testing and may not function as intended and may
18 expose the consumer to certain risks as identified by the
19 applicable agency's written report;

20 (5) A statement that the provider of the innovative
21 offering is not immune from civil liability for any losses
22 or damages caused by the innovative offering;

23 (6) A statement that the provider of the innovative
24 offering is not immune from criminal prosecution for
25 violations of state regulations that are not suspended or
26 waived as allowed within the sandbox program;

27 (7) A statement that the innovative offering is a
28 temporary demonstration that may be discontinued at the end
29 of the demonstration period;

30 (8) The expected end date of the demonstration period;
31 and

32 (9) A statement that a consumer may contact the
33 regulatory relief office and file a complaint regarding the
34 innovative offering being demonstrated, providing the
35 regulatory relief office's telephone number, email address,
36 and website address where a complaint may be filed.

37 2. The disclosures required by subsection 1 of this
38 section shall be provided to a consumer in a clear and

39 conspicuous form and, for an internet- or application-based
40 innovative offering, a consumer shall acknowledge receipt of
41 the disclosure before any transaction may be completed.

42 3. The regulatory relief office may require that a
43 sandbox participant make additional disclosures to a
44 consumer.

620.3930. 1. At least forty-five days before the end
2 of the twenty-four-month demonstration period, a sandbox
3 participant shall:

4 (1) Notify the regulatory relief office that the
5 sandbox participant will exit the sandbox program and
6 discontinue the sandbox participant's demonstration after
7 the day on which the twenty-four-month demonstration period
8 ends; or

9 (2) Seek an extension pursuant to subsection 4 of this
10 section.

11 2. If the regulatory relief office does not receive
12 notification as required by subsection 1 of this section,
13 the demonstration period shall end at the end of the twenty-
14 four-month demonstration period.

15 3. If a demonstration includes an innovative offering
16 that requires ongoing services or duties beyond the twenty-
17 four-month demonstration period, the sandbox participant may
18 continue to demonstrate the innovative offering but shall be
19 subject to enforcement of the regulations that were waived
20 or suspended as part of the sandbox program.

21 4. (1) No later than forty-five days before the end
22 of the twenty-four-month demonstration period, a sandbox
23 participant may request an extension of the demonstration
24 period.

25 (2) The regulatory relief office shall grant or deny a
26 request for an extension by the end of the twenty-four-month
27 demonstration period.

28 (3) The regulatory relief office may grant an
29 extension for not more than twelve months after the end of
30 the demonstration period.

31 (4) Sandbox participants may apply for additional
32 extensions in accordance with the criteria used to assess
33 their initial application, up to a cumulative maximum of
34 seven years inclusive of the original twenty-four-month
35 demonstration period.

36 (5) Notwithstanding the provisions of subsection 3 of
37 this section to the contrary, if a sandbox participant is
38 granted an extension pursuant to this subsection beyond the
39 twenty-four-month demonstration period, the demonstration
40 shall not be subject to enforcement of the regulations that
41 were waived or suspended as part of the sandbox program
42 until the end of the extended demonstration period.

43 5. (1) A sandbox participant shall retain records,
44 documents, and data produced in the ordinary course of
45 business regarding an innovative offering demonstrated in
46 the sandbox program for twenty-four months after exiting the
47 sandbox program.

48 (2) The regulatory relief office may request relevant
49 records, documents, and data from a sandbox participant,
50 and, upon the regulatory relief office's request, the
51 sandbox participant shall make such records, documents, and
52 data available for inspection by the regulatory relief
53 office.

54 (3) The failure to timely provide the records,
55 documents, and data required in this subsection shall result
56 in removal from the program.

57 6. If a sandbox participant ceases to provide an
58 innovative offering before the end of a demonstration
59 period, the sandbox participant shall notify the regulatory
60 relief office and each applicable agency and report on

61 actions taken by the sandbox participant to ensure consumers
62 have not been harmed as a result.

63 7. The regulatory relief office shall establish
64 quarterly reporting requirements for each sandbox
65 participant, including information about any consumer
66 complaints.

67 8. No later than thirty days after the day on which a
68 sandbox participant exits the sandbox program, the sandbox
69 participant shall submit a written report to the regulatory
70 relief office and each applicable agency describing an
71 overview of the sandbox participant's demonstration.

72 Failure to submit such a report shall result in the sandbox
73 participant and any entity that later employs a member of
74 the leadership team of the sandbox participant being
75 prohibited from future participation in the sandbox
76 program. Such report shall include any:

77 (1) Incidents of harm to consumers;

78 (2) Legal action filed against the sandbox participant
79 as a result of the participant's demonstration; or

80 (3) Complaint filed with an applicable agency as a
81 result of the sandbox participant's demonstration.

82 Any incident reports of harm to consumers, legal actions
83 filed against a sandbox participant, or complaints filed
84 with an applicable agency shall be compiled and made
85 publicly available on the regulatory sandbox webpage
86 provided, however, that any information contained in such
87 reports or complaints that constitutes proprietary or
88 confidential trade secrets shall not be subject to
89 disclosure pursuant to chapter 610.

90 9. No later than thirty days after the day on which an
91 applicable agency receives the quarterly report required by
92 subsection 7 of this section or a written report from a
93 sandbox participant as required by subsection 9 of this

94 section, the applicable agency shall provide a written
95 report to the regulatory relief office on the demonstration,
96 which describes any statutory or regulatory reform the
97 applicable agency recommends as a result of the
98 demonstration.

99 10. The regulatory relief office may remove a sandbox
100 participant from the sandbox program at any time if the
101 regulatory relief office determines that a sandbox
102 participant has engaged in, is engaging in, or is about to
103 engage in any practice or transaction that is in violation
104 of sections 620.3900 to 620.3930 or that constitutes a
105 violation of a law or regulation for which suspension or
106 waiver has not been granted pursuant to the sandbox
107 program. Information on any removal of a sandbox
108 participant for engaging in any practice or transaction that
109 constitutes a violation of law or regulation for which
110 suspension or waiver has not been granted pursuant to the
111 sandbox program shall be made publicly available on the
112 regulatory sandbox webpage, provided, however, that any
113 information that constitutes proprietary or confidential
114 trade secrets shall not be subject to disclosure pursuant to
115 chapter 610.

2 [536.303. 1. For any proposed rules that
3 affect small business, the agency shall also
4 submit a small business statement to the board
5 after a public hearing is held. This section
6 shall not apply to emergency rules. The small
7 business statement required by this section
8 shall provide the following information:
9 (1) A description of how the opinions or
10 comments from affected small businesses were
11 solicited;
12 (2) A summary of the public and small
13 business comments;
14 (3) A summary of the agency's response to
15 those comments; and
16 (4) The number of persons who attended the
17 public hearing, testified at the hearing, and
18 submitted written comments.
19 2. If a request to change the proposed
20 rule was made at the hearing in a way that
affected small business, a statement of the

21 reasons for adopting the proposed rule without
22 the requested change shall be included in the
23 small business statement.]

2 [536.305. 1. There is hereby established
3 the "Small Business Regulatory Fairness Board".
4 The department of economic development shall
5 provide staff support for the board.

6 2. The board shall be composed of nine
7 members appointed in the following manner:

8 (1) One member who is the chair of the
9 minority business advocacy commission;

10 (2) One member appointed by the president
11 pro tempore of the senate;

12 (3) One member appointed by the minority
13 leader of the senate;

14 (4) One member appointed by the speaker of
15 the house of representatives;

16 (5) One member appointed by the minority
17 leader of the house of representatives; and

18 (6) Four members appointed by the governor.

19 3. Each member of the board, except for
20 the public members and the chair of the minority
21 business advocacy commission, shall be a current
22 or former owner or officer of a small business.

23 All members of the board shall represent a
24 variety of small businesses, both rural and
25 urban, and be from a variety of geographical
26 areas of this state, provided that no more than
27 two members shall represent the same type of
28 small business.

29 4. Members of the board shall serve a term
30 of three years and may be reappointed at the
31 conclusion of the term. No member shall serve
32 more than three consecutive terms. Appointments
33 shall be made so that one-third of the
34 membership of the board shall terminate each
35 year. The governor shall appoint the initial
36 chairperson of the board and a majority of the
37 board shall elect subsequent chairpersons. The
38 chairperson shall serve as chair for a term of
39 not more than two years.

40 5. Members of the board shall serve
41 without compensation, but may be reimbursed for
42 reasonable and necessary expenses relating to
43 their performance of duties, according to the
44 rules and regulations of travel issued by the
45 office of administration. Members will be
46 required to submit an expense account form in
47 order to obtain reimbursement for expenses
48 incurred.

49 6. The board shall meet as often as
50 necessary, as determined by the chairperson of
51 the board. All meetings of the board will be
52 conducted in accordance with the governmental
53 bodies and records act, chapter 610, including
54 closed sessions. Notice will be posted and will
55 be provided to the joint committee on
56 administrative rules. Minutes of the meetings
shall be provided to all members, the office of

57 the governor, and the joint committee on
58 administrative rules.
59 7. In addition to any other powers
60 provided by sections 536.300 to 536.328, the
61 board may adopt any rules necessary to implement
62 sections 536.300 to 536.328 and take any action
63 necessary to effectuate the purposes of sections
64 536.300 to 536.328. Any rule or portion of a
65 rule, as that term is defined in section
66 536.010, that is created under the authority
67 delegated in this section shall become effective
68 only if it complies with and is subject to all
69 of the provisions of this chapter and, if
70 applicable, section 536.028. This section and
71 this chapter are nonseverable and if any of the
72 powers vested with the general assembly pursuant
73 to this chapter to review, to delay the
74 effective date, or to disapprove and annul a
75 rule are subsequently held unconstitutional,
76 then the grant of rulemaking authority and any
77 rule proposed or adopted after August 28, 2005,
78 shall be invalid and void.]

[536.310. 1. The board shall:

- 2 (1) Provide state agencies with input
3 regarding rules that adversely affect small
4 businesses;
 - 5 (2) Solicit input and conduct hearings
6 from small business owners and state agencies
7 regarding any rules proposed by a state agency;
8 and
 - 9 (3) Provide an evaluation report to the
10 governor and the general assembly, including any
11 recommendations and evaluations of state
12 agencies regarding regulatory fairness for
13 Missouri's small businesses. The report shall
14 include comments from small businesses, state
15 agency responses, and a summary of any public
16 testimony on rules brought before the board for
17 consideration.
- 18 2. In any inquiry conducted by the board
19 because of a request from a small business
20 owner, the board may make recommendations to the
21 state agency. If the board makes
22 recommendations, such recommendations shall be
23 based on any of the following grounds:
- 24 (1) The rule creates an undue barrier to
25 the formation, operation, and expansion of small
26 businesses in a manner that significantly
27 outweighs the rule's benefits to the public; or
 - 28 (2) New or significant economic
29 information indicates the proposed rule would
30 create an undue impact on small businesses; or
 - 31 (3) Technology, economic conditions, or
32 other relevant factors justifying the purpose
33 for the rule has changed or no longer exists; or
 - 34 (4) If the rule was adopted after August
35 28, 2004, whether the actual effect on small
36 businesses was not reflected in or significantly

37 exceeded the small business impact statement
38 submitted prior to the adoption of the rules.
39 3. Subject to appropriations, by a
40 majority vote of the board, the board may hire a
41 one-half full-time equivalent employee for
42 clerical support and a full-time equivalent
43 employee with total salaries funded from the
44 department of economic development
45 appropriations up to one hundred fifty thousand
46 dollars adjusted annually for inflation for
47 professional positions to:
48 (1) Conduct internet website additions,
49 corrections, and deletions;
50 (2) Develop training programs for agencies;
51 (3) Send regulatory alerts to interested
52 small business subscribers;
53 (4) Track small business comments
54 regarding agencies and review and respond to the
55 agency and small business accordingly;
56 (5) Prepare for board meetings and
57 hearings, including outreach, travel, agendas,
58 and minutes;
59 (6) Prepare member maintenance expense
60 reports and appointments;
61 (7) Analyze small business impact
62 statements. After such analysis, the employee
63 shall review such statements, offer suggestions,
64 and work with agencies to meet the statute
65 requirements;
66 (8) Analyze biannual report reviews;
67 (9) Conduct agency correspondence and
68 training;
69 (10) Conduct small business outreach by
70 speaking at chamber and association events;
71 (11) Review the Missouri Register and
72 other sources to look for proposed rules that
73 may affect small business.
74 4. Subject to appropriations, the board
75 may receive additional funds for:
76 (1) Upkeep of its internet website;
77 (2) Information technology;
78 (3) Mileage for board members;
79 (4) Publication, printing, and
80 distribution of annual reports;
81 (5) Outreach costs; and
82 (6) Expenses and equipment for the one and
83 one-half full-time equivalent employee of the
84 board.
85 5. A majority vote of the board members
86 shall be required for the hiring, retention, and
87 termination of board employees. All duties of
88 board employees shall be dedicated solely to the
89 support of and for the furtherance of the
90 purpose and mission of the board.]

2 [536.315. Any state agency receiving
3 recommendations from the board shall promptly
4 consider such recommendations and may file a
5 response with the board within sixty days of
receiving the board's recommendations. If the

6 state agency determines that no action shall be
7 taken on the board's recommendations, the agency
8 should explain its reasons for its
9 determination. If the state agency determines
10 that the board's recommendations merit adoption,
11 amendment or repeal of a rule, the agency should
12 indicate this in its response.]

2 [536.323. 1. In addition to the basis for
3 filing a petition provided in section 536.041,
4 any affected small business may file a written
5 petition with the agency that has adopted rules
6 objecting to all or part of any rule affecting
7 small business on any of the following grounds:

8 (1) The actual effect on small business
9 was not reflected in or significantly exceeded
10 the small business impact statement submitted
11 prior to the adoption of the rules;

12 (2) The small business impact statement
13 did not consider new or significant economic
14 information that reveals an undue impact on
15 small business; or

16 (3) The impacts were not previously
17 considered at the public hearing on the rules.

18 2. For any rule adopted prior to August
19 28, 2005, an affected small business may file a
20 written petition with the agency that adopted
21 the rule objecting to all or part of any rule
22 affecting small business on any of the following
23 grounds:

24 (1) The rule creates an undue barrier to
25 the formation, operation, and expansion of small
26 businesses in a manner that significantly
27 outweighs the rule's benefit to the public;

28 (2) The rule duplicates, overlaps, or
29 conflicts with rules adopted by the agency or
30 any other agency or violates the substantive
31 authority under which the rule was adopted; or

32 (3) The technology, economic conditions,
33 or other relevant factors justifying the purpose
34 for the rule has changed or no longer exist.

35 3. Upon submission of the petition, the
36 agency shall forward a copy of the petition to
37 the board and the joint committee on
38 administrative rules, as required by section
39 536.041, as notification of a petition filed
40 under sections 536.300 to 536.328. The agency
41 shall promptly consider the petition and may
42 seek advice and counsel regarding the petition.
43 Within sixty days after the receipt of the
44 petition, the agency shall determine whether the
45 impact statement or public hearing addressed the
46 actual and significant impact on small
47 business. The agency shall submit a written
48 response of the agency's determination to the
49 board within sixty days of the receipt of the
50 petition. If the agency determines that the
51 petition merits the adoption, amendment, or
repeal of a rule, it may initiate proceedings in

52 accordance with the applicable requirements of
53 this chapter.

54 4. If the agency determines that the
55 petition does not merit the adoption, amendment,
56 or repeal of a rule, any affected small business
57 may seek a review of the decision by the board.
58 The board may convene a hearing or by other
59 means solicit testimony that will assist in its
60 determination of whether to recommend that the
61 agency initiate proceedings in accordance with
62 this chapter. For rules adopted after August
63 28, 2005, the board shall base its
64 recommendations on any of the following reasons:
65 (1) The actual effect on small business
66 was not reflected in or significantly exceeded
67 the impact statement submitted prior to the
68 adoption of the rule;
69 (2) The impact statement did not consider
70 new or significant economic information that
71 reveals an undue impact on small business;
72 (3) Such impacts were not previously
73 considered by the agency; or
74 (4) Such impacts were not previously
75 considered at the public hearing on the rules.

76 5. For rules adopted prior to August 28,
77 2005, the board shall base its recommendations
78 on any of the following reasons:
79 (1) The rules created an undue barrier to
80 the formation, operation, and expansion of small
81 businesses in a manner that significantly
82 outweighs its benefit to the public;
83 (2) The rules duplicate, overlap, or
84 conflict with rules adopted by the agency or any
85 other agency or violate the substantive
86 authority under which the rules were adopted; or
87 (3) The technology, economic conditions,
88 or other relevant factors justifying the purpose
89 for the rules have changed or no longer exist.

90 6. The board shall make an evaluation
91 report to the governor and the general assembly
92 on rulemaking proceedings, comments from small
93 business, and agency response as provided in
94 this section. The governor or general assembly
95 may subsequently take such action in response to
96 the evaluation report and agency response as
97 they find appropriate.]

2 [536.325. 1. The board shall provide to
3 the head of each agency a list of any rules
4 adopted by the agency that affect small business
5 and have generated complaints or concerns,
6 including any rules that the board determines
7 may duplicate, overlap, or conflict with other
8 rules or exceed statutory authority. Within
9 forty-five days after being notified by the
10 board the list of rules adopted, the agency
11 shall submit a written report to the board in
12 response to the complaints or concerns. The
13 agency shall also state whether the agency has
considered the continued need for the rules and

14 the degree to which technology, economic
15 conditions, and other relevant factors may have
16 diminished or eliminated the need for
17 maintaining the rules.

18 2. The board may solicit testimony from
19 the public at a public meeting regarding any
20 report submitted by the agency under this
21 section or section 536.175. The board shall
22 electronically submit an evaluation report to
23 the governor and the general assembly regarding
24 small business comments, agency response, and
25 public testimony on rules in this section and
26 the report shall be maintained on the board's
27 website. The governor and the general assembly
28 may take such action in response to the report
29 as they find appropriate.]

2 [536.328. For any regulation subject to
3 sections 536.300 to 536.328, a small business
4 that is adversely affected or aggrieved by final
5 agency action is entitled to judicial review of
6 agency compliance with the requirements of
7 sections 536.300 to 536.328. Judicial review
8 shall be commenced in the circuit court of the
9 county in which the small business has its
10 primary place of business, or in Cole County.
11 If the small business does not have a primary
12 place of business in the state, proper venue
13 shall be in Cole County. Notwithstanding any
14 provisions of this chapter to the contrary, an
15 affected small business may seek such judicial
16 review during the period beginning on the date
17 the proposed rule becomes final and ending one
year later.]