## FIRST REGULAR SESSION SENATE COMMITTEE SUBSTITUTE FOR

## HOUSE BILL NO. 680

## 99TH GENERAL ASSEMBLY

Reported from the Committee on Economic Development, April 13, 2017, with recommendation that the Senate Committee Substitute do pass.

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ADRIANE D. CROUSE, Secretary.

## AN ACT

To repeal sections 620.800, 620.803, 620.806, 620.809, and 620.2005, RSMo, and to enact in lieu thereof eleven new sections relating to job training.

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

Section A. Sections 620.800, 620.803, 620.806, 620.809, and 620.2005,

- 2 RSMo, are repealed and eleven new sections enacted in lieu thereof, to be known
- 3 as sections 160.2700, 160.2705, 160.2710, 160.2715, 160.2720, 160.2725, 620.800,
- 4 620.803, 620.806, 620.809, and 620.2005, to read as follows:

160.2700. For purposes of this section, "adult high school" means a school that:

- 3 (1) Is for individuals who do not have a high school diploma and 4 who are twenty-one years of age or older;
- 5 (2) Offers an industry certification program or programs and a 6 high school diploma in a manner that allows students to earn a diploma 7 at the same time that they earn an industry certification;
- 8 (3) Offers on-site child care for children of enrolled students 9 attending the school; and
- 10 (4) Is not eligible to receive funding under sections 160.415 or 11 163.031.

160.2705. 1. The department of elementary and secondary

- 2 education shall authorize, before January 1, 2018, a Missouri-based
- 3 nonprofit organization meeting the criteria under subsection 2 of this
- 4 section to establish and operate four adult high schools, with:
- 5 (1) One adult high school to be located in a city not within a

county;

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- 7 (2) One adult high school to be located in any county of the third classification without a township form of government and with more than forty-one thousand but fewer than forty-five thousand inhabitants or a county contiguous to that county; 10
- (3) One adult high school to be located in any county of the first 11 12 classification with more than two hundred sixty thousand but fewer than three hundred thousand inhabitants or a county contiguous to 13 that county; and 14
- (4) One adult high school to be located in any county of the first 15 classification with more than one hundred fifty thousand but fewer than two hundred thousand inhabitants. 17
- 18 2. The department of elementary and secondary education shall grant the authorization described under subsection 1 of this section 19 based on a bid process conducted in accordance with the rules and 20 21 regulations governing purchasing through the office 22 administration. The successful bidder shall:
- 23 (1) Demonstrate the ability to establish, within twenty-one 24 months of the receipt of the authorization, four adult high schools 25offering high school diplomas, an industry certification program or programs, and on-site child care for children of the students attending 26 the high schools;
  - (2) Commit at least two million dollars in investment for the purpose of establishing the necessary infrastructure to operate four adult high schools;
- (3) Demonstrate substantial and positive experience in providing services, including industry certifications and job placement services, 32to adults twenty-one years of age or older whose educational and 33 training opportunities have been limited by educational disadvantages, disabilities, homelessness, criminal history, or similar circumstances;
  - (4) Establish a partnership with a state-supported postsecondary education institution or more than one such partnership, if a partnership or partnerships are necessary in order to meet the requirements for an adult high school;
- 40 (5) Establish a comprehensive plan that sets forth how the adult high schools will help address the need for a sufficiently trained 41 workforce in the surrounding region for each adult high school; 42

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- 43 (6) Establish partnerships and strategies for engaging the community and business leaders in carrying out the goals of each adult 44 high school; 45
- (7) Establish the ability to meet quality standards through 46 certified teachers and programs that support each student in his or her 47 goal to find a more rewarding job; 48
  - (8) Establish a plan for assisting students in overcoming barriers to educational success including, but not limited to, educational disadvantages; homelessness; criminal history; disability, including learning disability such as dyslexia; and similar circumstances;
  - (9) Establish a process for determining outcomes of the adult high school, including outcomes related to a student's ability to find a more rewarding job through the attainment of a high school diploma and job training and certification; and
- 57 (10) No bids shall include an administrative fee greater than ten 58 percent.
  - 3. (1) The department of elementary and secondary education shall establish academic requirements for students to obtain high school diplomas.
- (2) Requirements for a high school diploma shall be based on an adult student's prior high school achievement and the remaining 64 credits and coursework that would be necessary for the student to 65 receive a high school diploma if he or she were in a traditional high school setting. The adult student shall meet the requirements with the same level of academic rigor as would otherwise be necessary to attain such credits.
- 69 (3) The adult high school authorized under this section shall award high school diplomas to students who successfully meet the 70 established academic requirements. The adult high school authorized 71under this section shall confer the diploma as though the student earned the diploma at a traditional high school. The diploma shall 74have no differentiating marks, titles, or other symbols.
  - (4) Students at adult high schools may complete required coursework at their own pace and as available through the adult high school. They shall not be required to satisfy any specific number of class minutes. The adult high school may also make classes available to students online as may be appropriate.

80 (5) The department of elementary and secondary education shall 81 not create additional regulations or burdens on the adult high school 82 or the students attending the adult high schools beyond certifying 83 necessary credits and ensuring that students have sufficiently mastered 84 the subject matter to make them eligible for credit.

160.2710. 1. Any person who is twenty-one years of age or older may enroll in an adult high school if he or she has not earned a high school diploma.

2. An adult high school shall give a preference in admission to those students who receive any local, state, or federal assistance in which a person or family is required not to exceed a certain income level in order to qualify for the assistance.

160.2715. 1. An adult high school shall not receive state funding 2 under sections 160.415 or 163.031 and shall not receive any local 3 funding that is intended to benefit traditional public schools or charter 4 schools in the state.

- 2. An adult high school may receive funding from public or private sources, including from the nonprofit organization operating the adult high school. If an adult high school receives funding from a public source, it shall operate in a manner so as not to violate the provisions of article IX, section 8, or article I, section 7, of the Constitution of Missouri or the first amendment of the Constitution of the United States.
- 3. The nonprofit organization operating an adult high school shall ensure that funding for the adult high school enables it to operate year-round.
- 4. The nonprofit organization operating an adult high school shall set the following outcome expectations for the adult high school:
- 17 (1) Each year, at least seventy-five percent of the school's 18 students will graduate or continue working toward a high school 19 diploma and, if applicable, an industry certification;
- 20 (2) At least fifty percent of the school's graduates will attain an 21 industry certification or enroll in higher education or more advanced 22 skills training within six months of graduation;
- 23 (3) At least eighty-five percent of the school's graduates who do 24 not enroll in higher education or more advanced skills training will be 25 employed within six months of graduation; and

26 (4) The school's graduates who enter the workforce shall have, 27 on average, a wage rate at least twenty percent greater than the 28 average Missouri wage rate for individuals without high school 29 diplomas.

160.2720. The nonprofit organization who receives the authorization described under section 160.2705 shall submit to the department of elementary and secondary education, the joint committee on education, and the offices of the governor, speaker of the house of representatives, and president pro tempore of the senate an annual report concerning evaluations of the adult high schools, including the impact the adult high schools have had in meeting industry needs in the state before December first of each year.

160.2725. The department of elementary and secondary education may promulgate rules to implement the provisions of sections 160.2700 to 160.2720. Any rule or portion of a rule, as that term is defined in section 536.010, that is created under the authority delegated in this section shall become effective only if it complies with and is subject to all of the provisions of chapter 536 and, if applicable, section 536.028. This section and chapter 536 are nonseverable, and if any of the powers vested with the general assembly pursuant to chapter 536 to review, to delay the effective date, or to disapprove and annul a rule are subsequently held unconstitutional, then the grant of rulemaking authority and any rule proposed or adopted after August 28, 2017, shall be invalid and void.

620.800. The following additional terms used in sections 620.800 to 2 620.809 shall mean:

- 3 (1) "Agreement", the agreement between a qualified company, a 4 community college district, and the department concerning a training 5 project. Any such agreement shall comply with the provisions of section 620.017;
- 6 (2) "Board of trustees", the board of trustees of a community college 7 district established under the provisions of chapter 178;
- 8 (3) "Certificate", a new or retained jobs training certificate issued under 9 section 620.809;
- 10 (4) "Committee", the Missouri works job training joint legislative oversight 11 committee, established under the provisions of section 620.803;
- 12 (5) "Department", the Missouri department of economic development;
- 13 (6) "Employee", a person employed by a qualified company;

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- 14 (7) "Full-time employee", an employee of the qualified company who is scheduled to work an average of at least thirty-five hours per week for a 15 twelve-month period, and one to whom the qualified company offers health 16 insurance and pays at least fifty percent of such insurance premiums; 17
- 18 (8) "Local education agency", a community college, two-year state technical college, or technical career education center; 19
- 20 (9) "Missouri works training program", the training program established 21 under sections 620.800 to 620.809;
- 22 (10) "New capital investment", costs incurred by the qualified company at 23 the project facility [after acceptance by the qualified company of the proposal for 24 benefits from the department or the approval of the notice of intent, whichever 25occurs first, for real or personal property, that may include the value of finance 26 or capital leases for real or personal property for the term of such lease at the 27 project facility executed after acceptance by the qualified company of the proposal 28 for benefits from the department or approval of the notice of intent;
  - (11) "New job", the number of full-time employees located at the project facility that exceeds the project facility base employment less any decrease in the number of full-time employees at related facilities below the related facility base employment. No job that was created prior to the date of the notice of intent shall be deemed a new job. An employee who spends less than fifty percent of his or her work time at the facility is still considered to be located at a facility if he or she receives his or her directions and control from that facility, is on the facility's payroll, one hundred percent of the employee's income from such employment is Missouri income, and the employee is paid at or above the applicable percentage of the county's average wage;
  - (12) "New jobs credit", the credit from withholding remitted by a qualified company provided under subsection 6 of section 620.809;
  - (13) "Notice of intent", a form developed by the department, completed by the qualified company, and submitted to the department that states the qualified company's intent to request benefits under this program;
- (14) "Project facility", the building or buildings used by a qualified company at which new or retained jobs and any new capital investment are or 46 will be located. A project facility may include separate buildings located within 47 sixty miles of each other such that their purpose and operations are interrelated, provided that, if the buildings making up the project facility are not located 49 within the same county, the average wage of the new payroll must exceed the

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applicable percentage of the highest county average wage among the counties in which the buildings are located. Upon approval by the department, a subsequent project facility may be designated if the qualified company demonstrates a need to relocate to the subsequent project facility at any time during the project period;

- (15) "Project facility base employment", the greater of the number of full-time employees located at the project facility on the date of the notice of intent or, for the twelve-month period prior to the date of the notice of intent, the average number of full-time employees located at the project facility. In the event the project facility has not been in operation for a full twelve-month period, the average number of full-time employees for the number of months the project facility has been in operation prior to the date of the notice of intent;
- (16) "Qualified company", a firm, partnership, joint venture, association, private or public corporation whether organized for profit or not, or headquarters of such entity registered to do business in Missouri that is the owner or operator of a project facility, offers health insurance to all full-time employees of all facilities located in this state, and pays at least fifty percent of such insurance premiums. For the purposes of sections 620.800 to 620.809, the term "qualified company" shall not mean:
  - (a) Gambling establishments (NAICS industry group 7132);
- (b) Retail trade establishments (NAICS sectors 44 and 45), except with respect to any company headquartered in this state with a majority of its full-time employees engaged in operations not within the NAICS codes specified in this subdivision;
  - (c) Food services and drinking places (NAICS subsector 722);
  - (d) Public utilities (NAICS 221 including water and sewer services);
- 75 (e) Any company that is delinquent in the payment of any nonprotested 76 taxes or any other amounts due the state or federal government or any other 77 political subdivision of this state;
- (f) Any company requesting benefits for retained jobs that has filed for or has publicly announced its intention to file for bankruptcy protection. However, a company that has filed for or has publicly announced its intention to file for bankruptcy may be a qualified company provided that such company:
- a. Certifies to the department that it plans to reorganize and not to liquidate; and
- b. After its bankruptcy petition has been filed, it produces proof, in a form and at times satisfactory to the department, that it is not delinquent in filing any

86 tax returns or making any payment due to the state of Missouri, including but

- 87 not limited to all tax payments due after the filing of the bankruptcy petition and
- 88 under the terms of the plan of reorganization;
- 89 (g) Educational services (NAICS sector 61);
- 90 (h) Religious organizations (NAICS industry group 8131);
- 91 (i) Public administration (NAICS sector 92);
- 92 (j) Ethanol distillation or production; or
- 93 (k) Biodiesel production.
- 94 Notwithstanding any provision of this section to the contrary, the headquarters,
- 95 administrative offices, or research and development facilities of an otherwise
- 96 excluded business may qualify for benefits if the offices or facilities serve a
- 97 multistate territory. In the event a national, state, or regional headquarters
- 98 operation is not the predominant activity of a project facility, the jobs and
- 99 investment of such operation shall be considered eligible for benefits under this
- 100 section if the other requirements are satisfied;
- 101 (17) "Related company":
- 102 (a) A corporation, partnership, trust, or association controlled by the 103 qualified company;
- 104 (b) An individual, corporation, partnership, trust, or association in control 105 of the qualified company; or
- 106 (c) Corporations, partnerships, trusts, or associations controlled by an
- 107 individual, corporation, partnership, trust, or association in control of the
- 108 qualified company. As used in this subdivision, "control of a corporation" shall
- mean ownership, directly or indirectly, of stock possessing at least fifty percent
- 110 of the total combined voting power of all classes of stock entitled to vote; "control
- 111 of a partnership or association" shall mean ownership of at least fifty percent of
- 112 the capital or profits interest in such partnership or association; "control of a
- 113 trust" shall mean ownership, directly or indirectly, of at least fifty percent of the
- 114 beneficial interest in the principal or income of such trust; and "ownership" shall
- be determined as provided in Section 318 of the Internal Revenue Code of 1986,
- 116 as amended;
- 117 (18) "Related facility", a facility operated by the qualified company or a
- 118 related company located in this state that is directly related to the operations of
- 119 the project facility or in which operations substantially similar to the operations
- 120 of the project facility are performed;
- 121 (19) "Related facility base employment", the greater of the number of

122 full-time employees located at all related facilities on the date of the notice of

- intent or, for the twelve-month period prior to the date of the notice of intent, the
- 124 average number of full-time employees located at all related facilities of the
- 125 qualified company or a related company located in this state;
- 126 (20) "Retained jobs", the average number of full-time employees of a 127 qualified company located at the project facility during each month for the
- 128 calendar year preceding the year in which the notice of intent is submitted;
- 129 (21) "Retained jobs credit", the credit from withholding remitted by a 130 qualified company provided under subsection 6 of section 620.809;
- 131 (22) "Targeted industry", an industry or one of a cluster of industries
- 132 identified by the department by rule following a strategic planning process as
- 133 being critical to the state's economic security and growth;
- 134 (23) "Training program", the Missouri works training program established
- 135 under sections 620.800 to 620.809;
- 136 (24) "Training project", the project or projects established through the
- 137 Missouri works training program for the creation or retention of jobs by providing
- 138 education and training of workers;
- 139 (25) "Training project costs", all necessary and incidental costs of
- 140 providing program services through the training program, including:
- 141 (a) Training materials and supplies;
- (b) Wages and benefits of instructors, who may or may not be employed
- by the eligible industry, and the cost of training such instructors;
- 144 (c) Subcontracted services:
- (d) On-the-job training;
- (e) Training facilities and equipment;
- 147 (f) Skill assessment;
- 148 (g) Training project and curriculum development;
- (h) Travel directly to the training project, including a coordinated
- 150 transportation program for training if the training can be more effectively
- 151 provided outside the community where the jobs are to be located;
- (i) Payments to third-party training providers and to the eligible industry;
- 153 (j) Teaching and assistance provided by educational institutions in the
- 154 state of Missouri:
- 155 (k) In-plant training analysis, including fees for professionals and
- 156 necessary travel and expenses;
- (l) Assessment and preselection tools;

- 158 (m) Publicity;
- 159 (n) Instructional services;
- 160 (o) Rental of instructional facilities with necessary utilities; and
- (p) Payment of the principal, premium, and interest on certificates,
- 162 including capitalized interest, issued to finance a project, and the funding and
- maintenance of a debt service reserve fund to secure such certificates;
- 164 (26) "Training project services", includes, but shall not be limited to, the
- 165 following:
- 166 (a) Job training, which may include, but not be limited to, preemployment
- 167 training, analysis of the specified training needs for a qualified company,
- 168 development of training plans, and provision of training through qualified
- 169 training staff;
- 170 (b) Adult basic education and job-related instruction;
- (c) Vocational and skill-assessment services and testing;
- 172 (d) Training facilities, equipment, materials, and supplies;
- (e) On-the-job training;
- 174 (f) Administrative expenses equal to fifteen percent of the total training
- 175 costs;
- 176 (g) Subcontracted services with state institutions of higher education,
- 177 private colleges or universities, or other federal, state, or local agencies;
- (h) Contracted or professional services; and
- (i) Issuance of certificates, when applicable.
  - 620.803. 1. The department shall establish a "Missouri Works Training
  - 2 Program" to assist qualified companies in the training of employees in new jobs
  - 3 and the retraining or upgrading of skills of full-time employees in retained jobs
  - 4 as provided in sections 620.800 to 620.809. The training program shall be funded
  - 5 through appropriations to the funds established under sections 620.806 and
  - 6 620.809. The department shall, to the maximum extent practicable, prioritize
  - 7 funding under the training program to assist qualified companies in targeted
  - 8 industries.
  - 9 2. There is hereby created the "Missouri Works Job Training Joint
  - 10 Legislative Oversight Committee". The committee shall consist of three members
  - 11 of the Missouri senate appointed by the president pro tempore of the senate and
- 12 three members of the house of representatives appointed by the speaker of the
- 13 house. No more than two of the members of the senate and two of the members
- 14 of the house of representatives shall be from the same political party. Members

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of the committee shall report to the governor, the president pro tempore of the senate, and the speaker of the house of representatives on all assistance to industries under the provisions of sections 620.800 to 620.809 provided during the preceding fiscal year. The report of the committee shall be delivered no later than October first of each year. The director of the department shall report to the committee such information as the committee may deem necessary for its annual report. Members of the committee shall receive no compensation in addition to their salary as members of the general assembly but may receive their necessary expenses while attending the meetings of the committee, to be paid out of the joint contingent fund.

- 3. The department shall publish guidelines and may promulgate rules and regulations governing the training program. Any rule or portion of a rule, as that term is defined in section 536.010, that is created under the authority delegated in this section shall become effective only if it complies with and is subject to all of the provisions of chapter 536 and, if applicable, section 536.028. This section and chapter 536 are nonseverable and if any of the powers vested with the general assembly pursuant to chapter 536 to review, to delay the effective date, or to disapprove and annul a rule are subsequently held unconstitutional, then the grant of rulemaking authority and any rule proposed or adopted after August 28, 2013, shall be invalid and void.
- 4. The department shall make program applications and guidelines available online.
  - 5. The department may contract with other entities, **not to exceed fifty thousand dollars annually**, for the purposes of [carrying out the provisions of] **advertising, marketing, or promoting** the training program established in sections 620.800 to 620.809. Any assistance through the training program shall be provided under an agreement.
  - 6. Prior to the authorization of any application submitted through the training program, the department shall verify the applicant's tax payment status and offset any delinquencies as provided in section 135.815.
- 7. Any taxpayer who is awarded benefits under sections 620.800 to 620.809 and who files for bankruptcy under Chapter 7 of the United States Bankruptcy Code, Title 11 U.S.C., as amended shall immediately notify the department, shall forfeit such benefits, and shall repay the state an amount equal to any state tax credits already redeemed and any withholding taxes already retained.

620.806. 1. The Missouri job development fund, formerly established in the state treasury by section 620.478, shall now be known as the "Missouri Works Job Development Fund" and shall be administered by the department for the training program. The fund shall consist of all moneys which may be appropriated to it by the general assembly and also any gifts, contributions, grants, or bequests received from federal, private or other sources, including, but not limited to, any block grant or other sources of funding relating to job training, school-to-work transition, welfare reform, vocational and technical training, housing, infrastructure, development, and human resource investment programs which may be provided by the federal government or other sources.

- 11 2. The department may provide financial assistance through the training 12 program to qualified companies that create new jobs which will result in the need 13 for training, or that make new capital investment relating directly to the retention of jobs in an amount at least five times greater than the amount of any 14 15 financial assistance. Financial assistance may also be provided to a consortium of a majority of qualified companies organized to provide common training to 16 17 the consortium members' employees. Funds in the Missouri works job development fund shall be appropriated, for financial assistance through the 18 19 training program, by the general assembly to the department and shall be 20 administered by a local educational agency certified by the department for such 21purpose. Except for state-sponsored preemployment training, no qualified 22company shall receive more than fifty percent of its training program costs from 23 the Missouri works job development fund. No funds shall be awarded or 24reimbursed to any qualified company for the training, retraining, or upgrading of skills of potential employees with the purpose of replacing or supplanting 2526 employees engaged in an authorized work stoppage. Upon approval by the department, training project costs, except the purchase of training equipment and 27 training facilities, shall be eligible for reimbursement with funds from the 28 Missouri works job development fund. Notwithstanding any provision of law to 29 30 the contrary, no qualified company within a service industry shall be eligible for assistance under this subsection unless such qualified company provides services 31 32 in interstate commerce, which shall mean that the qualified company derives a 33 majority of its annual revenues from out of the state.
- 3. The department may provide assistance, through appropriations made 35 from the Missouri works job development fund, to business and technology 36 centers. Such assistance shall not include the lending of the state's credit for the

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payment of any liability of the fund. Such centers may be established by Missouri community colleges, or state-owned postsecondary technical colleges, to provide business and training services for growth industries as determined by current labor market information.

620.809. 1. The Missouri community college job training program fund, formerly established in the state treasury by section 178.896, shall now be known 3 as the "Missouri Works Community College New Jobs Training Fund" and shall be administered by the department for the training program. The department of revenue shall credit to the fund, as received, all new jobs credits. The fund shall 5 also consist of any gifts, contributions, grants, or bequests received from federal, 6 private, or other sources. The general assembly, however, shall not provide for any transfer of general revenue funds into the fund. Moneys in the fund shall be disbursed to the department under regular appropriations by the general assembly. The department shall disburse such appropriated funds in a timely 10 11 manner into the special funds established by community college districts for training projects, which funds shall be used to pay training project costs. Such 12 13 disbursements shall be made to the special fund for each training project [in the same proportion as the new jobs credit remitted by the qualified company 14 15 participating in such project bears to the total new jobs credit from withholding remitted by all qualified companies participating in projects during the period for 16 17 which the disbursement is made as provided under subsection 5 of this section. All moneys remaining in the fund at the end of any fiscal year shall not 18 19 lapse to the general revenue fund, as provided in section 33.080, but shall remain 20 in the fund.

2. The Missouri community college job retention training program fund, formerly established in the state treasury by section 178.764, shall now be known as the "Missouri Works Community College Job Retention Training Fund" and shall be administered by the department for the Missouri works training program. The department of revenue shall credit to the fund, as received, all retained jobs credits. The fund shall also consist of any gifts, contributions, grants, or bequests received from federal, private, or other sources. The general assembly, however, shall not provide for any transfer of general revenue funds into the fund. Moneys in the fund shall be disbursed to the department under regular appropriations by the general assembly. The department shall disburse such appropriated funds in a timely manner into the special funds established by community college districts for projects, which funds shall be used to pay training

program costs, including the principal, premium, and interest on certificates issued by the district to finance or refinance, in whole or in part, a project. Such disbursements by the department shall be made to the special fund for each project [in the same proportion as the retained jobs credit from withholding remitted by the qualified company participating in such project bears to the total retained jobs credit from withholding remitted by qualified companies participating in projects during the period for which the disbursement is madel as provided under subsection 5 of this section. All moneys remaining in the fund at the end of any fiscal year shall not lapse to the general revenue fund, as provided in section 33.080, but shall remain in the fund.

- 3. The department of revenue shall develop such forms as are necessary to demonstrate accurately each qualified company's new jobs credit paid into the Missouri works community college new jobs training fund or retained jobs credit paid into the Missouri works community college job retention training fund. The new or retained jobs credits shall be accounted as separate from the normal withholding tax paid to the department of revenue by the qualified company. Reimbursements made by all qualified companies to the Missouri works community college new jobs training fund and the Missouri works community college job retention training fund shall be no less than all allocations made by the department to all community college districts for all projects. The qualified company shall remit the amount of the new or retained jobs credit, as applicable, to the department of revenue in the same manner as provided in sections 143.191 to 143.265.
- 4. A community college district, with the approval of the department in consultation with the office of administration, may enter into an agreement to establish a training project and provide training project services to a qualified company. As soon as possible after initial contact between a community college district and a potential qualified company regarding the possibility of entering into an agreement, the district shall inform the department of the potential training project. The department shall evaluate the proposed training project within the overall job training efforts of the state to ensure that the training project will not duplicate other job training programs. The department shall have fourteen days from receipt of a notice of intent to approve or disapprove a training project. If no response is received by the qualified company within fourteen days, the training project shall be deemed approved. Disapproval of any training project shall be made in writing and state the reasons for such

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disapproval. If an agreement is entered into, the district and the qualified 70 company shall notify the department of revenue within fifteen calendar days. In addition to any provisions required under subsection 5 of this section for a 71 72qualified company applying to receive a retained job credit, an agreement may 73 provide, but shall not be limited to:

- 74 (1) Payment of training project costs, which may be paid from one or a combination of the following sources: 75
  - (a) Funds appropriated by the general assembly to the Missouri works community college new jobs training program fund or Missouri works community college job retention training program fund, as applicable, and disbursed by the department for the purposes consistent with sections 620.800 to 620.809;
  - (b) Funds appropriated by the general assembly from the general revenue fund and disbursed by the department for the purposes consistent with sections 620.800 to 620.809;
  - (c) Tuition, student fees, or special charges fixed by the board of trustees to defray training project costs in whole or in part;
  - (2) Payment of training project costs which shall not be deferred for a period longer than eight years;
  - (3) Costs of on-the-job training for employees which shall include wages or salaries of participating employees. Payments for on-the-job training shall not exceed the average of fifty percent of the total wages paid by the qualified company to each participant during the period of training. Payment for on-the-job training may continue for up to six months from the date the training begins;
  - (4) A provision which fixes the minimum amount of new or retained jobs credits, general revenue fund appropriations, or tuition and fee payments which shall be paid for training project costs; and
- 96 (5) Any payment required to be made by a qualified company. This 97 payment shall constitute a lien upon the qualified company's business property 98 until paid, shall have equal priority with ordinary taxes and shall not be divested by a judicial sale. Property subject to such lien may be sold for sums due and 99 100 delinquent at a tax sale, with the same forfeitures, penalties, and consequences as for the nonpayment of ordinary taxes. The purchasers at tax sale shall obtain the property subject to the remaining payments.
- 103 5. (1) For projects that are funded exclusively under paragraph 104 (a) of subdivision (1) of subsection 4 of this section, the department

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- 105 shall disburse such funds to the special fund for each training project 106 in the same proportion as the new jobs or retained jobs credits 107remitted by the qualified company participating in such project bears to the total new jobs or retained jobs credits from withholding remitted 108 109 by all qualified companies participating in projects during the period for which the disbursement is made. 110
- (2) Subject to appropriation, for projects that are funded through a combination of funds under paragraphs (a) and (b) of subdivision (1) 112 113 of subsection 4 of this section, the department shall disburse funds appropriated under paragraph (b) of subdivision (1) of subsection 4 of 114 115this section to the special fund for each training project upon commencement of the project. The department shall disburse funds 116 117 appropriated under paragraph (a) of subdivision (1) of subsection 4 of this section to the special fund for each training project in the same 118 proportion as the new jobs or retained jobs credits remitted by the 119 qualified company participating in such project bears to the total new 120 121 jobs or retained jobs credits from withholding remitted by all qualified 122 companies participating in projects during the period for which the 123 disbursement is made, reduced by the amount of funds appropriated under paragraph (b) of subdivision (1) of subsection 4 of this section.
  - **6.** Any qualified company that submits a notice of intent for retained job credits shall enter into an agreement, providing that the qualified company has:
  - (1) Maintained at least one hundred full-time employees per year at the project facility for the calendar year preceding the year in which the application is made;
  - (2) Retained, at the project facility, the same number of employees that existed in the taxable year immediately preceding the year in which application is made; and
- 133 (3) Made or agrees to make a new capital investment of greater than five 134 times the amount of any award under this training program at the project facility 135 over a period of two consecutive calendar years, as certified by the qualified 136 company and:
- 137 (a) Has made substantial investment in new technology requiring the 138 upgrading of employee skills; or
- 139 (b) Is located in a border county of the state and represents a potential 140 risk of relocation from the state; or

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- 141 (c) Has been determined to represent a substantial risk of relocation from 142 the state by the director of the department of economic development.
- [6.] 7. If an agreement provides that all or part of the training program costs are to be met by receipt of new or retained jobs credit, such new or retained jobs credit from withholding shall be determined and paid as follows:
- 146 (1) New or retained jobs credit shall be based upon the wages paid to the 147 employees in the new or retained jobs;
- 148 (2) A portion of the total payments made by the qualified companies under 149 sections 143.191 to 143.265 shall be designated as the new or retained jobs credit 150 from withholding. Such portion shall be an amount equal to two and one-half 151 percent of the gross wages paid by the qualified company for each of the first one 152 hundred jobs included in the project and one and one-half percent of the gross 153 wages paid by the qualified company for each of the remaining jobs included in the project. If business or employment conditions cause the amount of the new 154 155 or retained jobs credit from withholding to be less than the amount projected in the agreement for any time period, then other withholding tax paid by the 156 157 qualified company under sections 143.191 to 143.265 shall be credited to the applicable fund by the amount of such difference. The qualified company shall 158 159 remit the amount of the new or retained jobs credit to the department of revenue 160 in the manner prescribed in sections 143.191 to 143.265. When all training 161 program costs have been paid, the new or retained jobs credits shall cease;
  - (3) The community college district participating in a project shall establish a special fund for and in the name of the training project. All funds appropriated by the general assembly from the funds established under subsections 1 and 2 of this section and disbursed by the department for the training project and other amounts received by the district for training project costs as required by the agreement shall be deposited in the special fund. Amounts held in the special fund shall be used and disbursed by the district only to pay training project costs for such training project. The special fund may be divided into such accounts and subaccounts as shall be provided in the agreement, and amounts held therein may be invested in the same manner as the district's other funds;
  - (4) Any disbursement for training project costs received from the department under sections 620.800 to 620.809 and deposited into the training project's special fund may be irrevocably pledged by a community college district for the payment of the principal, premium, and interest on the certificate issued

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- 177 by a community college district to finance or refinance, in whole or in part, such 178 training project;
- (5) The qualified company shall certify to the department of revenue that 179 the new or retained jobs credit is in accordance with an agreement and shall 180 181 provide other information the department of revenue may require;
  - (6) An employee participating in a training project shall receive full credit under section 143.211 for the amount designated as a new or retained jobs credit;
  - (7) If an agreement provides that all or part of training program costs are to be met by receipt of new or retained jobs credit, the provisions of this subsection shall also apply to any successor to the original qualified company until the principal and interest on the certificates have been paid.
- [7.] 8. To provide funds for the present payment of the training project costs of new or retained jobs training project through the training program, a community college district may borrow money and issue and sell certificates payable from a sufficient portion of the future receipts of payments authorized by the agreement including disbursements from the Missouri works community 193 college new jobs training fund or the Missouri works community college job retention training fund, to the special fund established by the district for each 194 project. The total amount of outstanding certificates sold by all community college districts shall not exceed the total amount authorized under law as of January 1, 2013, unless an increased amount is authorized in writing by a majority of members of the committee. The certificates shall be marketed through financial institutions authorized to do business in Missouri. The receipts shall be pledged to the payment of principal of and interest on the certificates. Certificates may be sold at public sale or at private sale at par, premium, or discount of not less than ninety-five percent of the par value thereof, at the discretion of the board of trustees, and may bear interest at such rate or rates as the board of trustees shall determine, notwithstanding the provisions of section 108.170 to the contrary. However, the provisions of chapter 176 shall not apply to the issuance of such certificates. Certificates may be issued with respect to a single project or multiple projects and may contain terms or conditions as the board of trustees may provide by resolution authorizing the issuance of the certificates.
- 210 [8.] 9. Certificates issued to refund other certificates may be sold at 211 public sale or at private sale as provided in this section, with the proceeds from 212 the sale to be used for the payment of the certificates being refunded. The

refunding certificates may be exchanged in payment and discharge of the certificates being refunded, in installments at different times or an entire issue or series at one time. Refunding certificates may be sold or exchanged at any time on, before, or after the maturity of the outstanding certificates to be refunded. They may be issued for the purpose of refunding a like, greater, or lesser principal amount of certificates and may bear a rate of interest that is higher, lower, or equivalent to that of the certificates being renewed or refunded.

- [9.] 10. Before certificates are issued, the board of trustees shall publish once a notice of its intention to issue the certificates, stating the amount, the purpose, and the project or projects for which the certificates are to be issued. A person with standing may, within fifteen days after the publication of the notice, by action in the circuit court of a county in the district, appeal the decision of the board of trustees to issue the certificates. The action of the board of trustees in determining to issue the certificates shall be final and conclusive unless the circuit court finds that the board of trustees has exceeded its legal authority. An action shall not be brought which questions the legality of the certificates, the power of the board of trustees to issue the certificates, the effectiveness of any proceedings relating to the authorization of the project, or the authorization and issuance of the certificates from and after fifteen days from the publication of the notice of intention to issue.
- [10.] 11. The board of trustees shall make a finding based on information supplied by the qualified company that revenues provided in the agreement are sufficient to secure the faithful performance of obligations in the agreement.
- [11.] 12. Certificates issued under this section shall not be deemed to be an indebtedness of the state, the community college district, or any other political subdivision of the state, and the principal and interest on any certificates shall be payable only from the sources provided in subdivision (1) of subsection 4 of this section which are pledged in the agreement.
  - [12.] 13. Pursuant to section 23.253 of the Missouri sunset act:
- 242 (1) The new program authorized under sections 620.800 to 620.809 shall 243 automatically sunset July 1, 2019, unless reauthorized by an act of the general 244 assembly; and
- 245 (2) If such program is reauthorized, the program authorized under 246 sections 620.800 to 620.809 shall automatically sunset twelve years after the 247 effective date of the reauthorization of sections 620.800 to 620.809; and
  - (3) Sections 620.800 to 620.809 shall terminate on September first of the

calendar year immediately following the calendar year in which a program authorized under sections 620.800 to 620.809 is sunset.

620.2005. As used in sections 620.2000 to 620.2020, the following terms 2 mean:

- 3 (1) "Average wage", the new payroll divided by the number of new jobs, 4 or the payroll of the retained jobs divided by the number of retained jobs;
- 5 (2) "Commencement of operations", the starting date for the qualified 6 company's first new employee, which shall be no later than twelve months from 7 the date of the approval;
- 8 (3) "County average wage", the average wages in each county as determined by the department for the most recently completed full calendar year. However, if the computed county average wage is above the statewide 11 average wage, the statewide average wage shall be deemed the county average wage for such county for the purpose of determining eligibility. The department 12 13 shall publish the county average wage for each county at least annually. Notwithstanding the provisions of this subdivision to the contrary, for 14 15 any qualified company that in conjunction with their project is relocating 16 employees from a Missouri county with a higher county average wage, the 17 company shall obtain the endorsement of the governing body of the community from which jobs are being relocated or the county average wage for their project 18 19 shall be the county average wage for the county from which the employees are being relocated; 20
  - (4) "Department", the Missouri department of economic development;
- 22 (5) "Director", the director of the department of economic development;
- 23 (6) "Employee", a person employed by a qualified company, excluding:
- 24 (a) Owners of the qualified company unless the qualified company is 25 participating in an employee stock ownership plan; or
- 26 (b) Owners of a noncontrolling interest in stock of a qualified company 27 that is publicly traded;
- 28 (7) "Existing Missouri business", a qualified company that, for the 29 ten-year period preceding submission of a notice of intent to the department, had 30 a physical location in Missouri and full-time employees who routinely perform job 31 duties within Missouri;
- 32 (8) "Full-time employee", an employee of the qualified company that is 33 scheduled to work an average of at least thirty-five hours per week for a 34 twelve-month period, and one for which the qualified company offers health

insurance and pays at least fifty percent of such insurance premiums. An employee that spends less than fifty percent of the employee's work time at the facility shall be considered to be located at a facility if the employee receives his or her directions and control from that facility, is on the facility's payroll, one hundred percent of the employee's income from such employment is Missouri income, and the employee is paid at or above the applicable percentage of the county average wage;

- (9) "Local incentives", the present value of the dollar amount of direct benefit received by a qualified company for a project facility from one or more local political subdivisions, but this term shall not include loans or other funds provided to the qualified company that shall be repaid by the qualified company to the political subdivision;
- 47 (10) "NAICS" or "NAICS industry classification", the classification 48 provided by the most recent edition of the North American Industry Classification 49 System as prepared by the Executive Office of the President, Office of 50 Management and Budget;
  - (11) "New capital investment", shall include costs incurred by the qualified company at the project facility after acceptance by the qualified company of the proposal for benefits from the department or the approval notice of intent, whichever occurs first, for real or personal property, and may include the value of finance or capital leases for real or personal property for the term of such lease at the project facility executed after acceptance by the qualified company of the proposal for benefits from the department or the approval of the notice of intent;
  - (12) "New direct local revenue", the present value of the dollar amount of direct net new tax revenues of the local political subdivisions likely to be produced by the project over a ten-year period as calculated by the department, excluding local earnings tax, and net new utility revenues, provided the local incentives include a discount or other direct incentives from utilities owned or operated by the political subdivision;
  - (13) "New job", the number of full-time employees located at the project facility that exceeds the project facility base employment less any decrease in the number of full-time employees at related facilities below the related facility base employment. No job that was created prior to the date of the notice of intent shall be deemed a new job. In no event shall a benefit under sections 620.2000 to 620.2020 be provided to any job other than a new job. A job

shall not be considered a new job merely because of a change of ownership in the company;

- 73 (14) "New payroll", the amount of wages paid for all new jobs, located at 74 the project facility during the qualified company's tax year that exceeds the 75 project facility base payroll;
- 76 (15) "Notice of intent", a form developed by the department and available 77 online, completed by the qualified company, and submitted to the department 78 stating the qualified company's intent to request benefits under this program;
- 79 (16) "Percent of local incentives", the amount of local incentives divided 80 by the amount of new direct local revenue;
- 81 (17) "Program", the Missouri works program established in sections 82 620.2000 to 620.2020;
  - (18) "Project facility", the building or buildings used by a qualified company at which new or retained jobs and any new capital investment are or will be located. A project facility may include separate buildings located within sixty miles of each other such that their purpose and operations are interrelated; provided that where the buildings making up the project facility are not located within the same county, the average wage of the new payroll shall exceed the applicable percentage of the highest county average wage among the counties in which the buildings are located. Upon approval by the department, a subsequent project facility may be designated if the qualified company demonstrates a need to relocate to the subsequent project facility at any time during the project period;
  - (19) "Project facility base employment", the greater of the number of full-time employees located at the project facility on the date of the notice of intent or, for the twelve-month period prior to the date of the notice of intent, the average number of full-time employees located at the project facility. In the event the project facility has not been in operation for a full twelve-month period, the average number of full-time employees for the number of months the project facility has been in operation prior to the date of the notice of intent. In no event shall the benefits awarded under sections 620.2000 to 620.2020 be construed to apply to base employment;
  - (20) "Project facility base payroll", the annualized payroll for the project facility base employment or the total amount of wages paid by the qualified company to full-time employees of the qualified company located at the project facility in the twelve months prior to the notice of intent. For purposes of calculating the benefits under this program **each benefit year**, the amount of

base payroll shall [increase each year based on an appropriate measure, as determined by the department] be equal to or greater than the previous year's amount and the number of employees in the base shall remain the same. Companies may report numbers of employees in the base by hire date or by position replacement and shall declare the method in their application. The method selected shall remain in effect for the full term of benefits;

- 114 (21) "Project period", the time period within which benefits are awarded 115 to a qualified company or within which the qualified company is obligated to 116 perform under an agreement with the department, whichever is greater;
- 117 (22) "Projected net fiscal benefit", the total fiscal benefit to the state less 118 any state benefits offered to the qualified company, as determined by the 119 department;
- (23) "Qualified company", a firm, partnership, joint venture, association, private or public corporation whether organized for profit or not, or headquarters of such entity registered to do business in Missouri that is the owner or operator of a project facility, certifies that it offers health insurance to all full-time employees of all facilities located in this state, and certifies that it pays at least fifty percent of such insurance premiums. For the purposes of sections 620.2000 to 620.2020, the term "qualified company" shall not include:
  - (a) Gambling establishments (NAICS industry group 7132);
  - (b) Store front consumer-based retail trade establishments (under NAICS sectors 44 and 45), except with respect to any company headquartered in this state with a majority of its full-time employees engaged in operations not within the NAICS codes specified in this subdivision;
  - (c) Food and drinking places (NAICS subsector 722);

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- (d) Public utilities (NAICS 221 including water and sewer services);
- 134 (e) Any company that is delinquent in the payment of any nonprotested 135 taxes or any other amounts due the state or federal government or any other 136 political subdivision of this state;
- 137 (f) Any company requesting benefits for retained jobs that has filed for or 138 has publicly announced its intention to file for bankruptcy protection. However, 139 a company that has filed for or has publicly announced its intention to file for 140 bankruptcy may be a qualified company provided that such company:
- 141 a. Certifies to the department that it plans to reorganize and not to 142 liquidate; and

- 143 b. After its bankruptcy petition has been filed, it produces proof, in a form 144 and at times satisfactory to the department, that it is not delinquent in filing any tax returns or making any payment due to the state of Missouri, including but 145 146 not limited to all tax payments due after the filing of the bankruptcy petition and under the terms of the plan of reorganization. Any taxpayer who is awarded 147 benefits under this subsection and who files for bankruptcy under Chapter 7 of 148 the United States Bankruptcy Code, Title 11 U.S.C., shall immediately notify the 149 150 department and shall forfeit such benefits and shall repay the state an amount equal to any state tax credits already redeemed and any withholding taxes 151 152 already retained;
- 153 (g) Educational services (NAICS sector 61);
- (h) Religious organizations (NAICS industry group 8131);
- (i) Public administration (NAICS sector 92);
- (j) Ethanol distillation or production;
- 157 (k) Biodiesel production; or
- 158 (l) Health care and social services (NAICS sector 62).
- Notwithstanding any provision of this section to the contrary, the headquarters,
- 160 administrative offices, or research and development facilities of an otherwise
- 161 excluded business may qualify for benefits if the offices or facilities serve a
- 162 multistate territory. In the event a national, state, or regional headquarters
- 163 operation is not the predominant activity of a project facility, the jobs and
- 164 investment of such operation shall be considered eligible for benefits under this
- section if the other requirements are satisfied;
- 166 (24) "Related company", shall mean:
- 167 (a) A corporation, partnership, trust, or association controlled by the 168 qualified company;
- 169 (b) An individual, corporation, partnership, trust, or association in control 170 of the qualified company; or
- 171 (c) Corporations, partnerships, trusts or associations controlled by an 172 individual, corporation, partnership, trust, or association in control of the 173 qualified company. As used in this paragraph, "control of a qualified company" 174 shall mean:
- a. Ownership, directly or indirectly, of stock possessing at least fifty percent of the total combined voting power of all classes of stock entitled to vote in the case of a qualified company that is a corporation;
- b. Ownership of at least fifty percent of the capital or profits interest in

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179 such qualified company if it is a partnership or association;

c. Ownership, directly or indirectly, of at least fifty percent of the 180 beneficial interest in the principal or income of such qualified company if it is a 181 182 trust, and ownership shall be determined as provided in Section 318 of the 183 Internal Revenue Code of 1986, as amended;

- (25) "Related facility", a facility operated by the qualified company or a related company located in this state that is directly related to the operations of the project facility or in which operations substantially similar to the operations of the project facility are performed;
- 188 (26) "Related facility base employment", the greater of the number of 189 full-time employees located at all related facilities on the date of the notice of 190 intent or, for the twelve-month period prior to the date of the notice of intent, the 191 average number of full-time employees located at all related facilities of the 192 qualified company or a related company located in this state;
  - (27) "Related facility base payroll", the annualized payroll of the related facility base payroll or the total amount of taxable wages paid by the qualified company to full-time employees of the qualified company located at a related facility in the twelve months prior to the filing of the notice of intent. For purposes of calculating the benefits under this program, the amount of related facility base payroll shall increase each year based on an appropriate measure, as determined by the department;
- (28) "Rural area", a county in Missouri with a population less than seventy-five thousand or that does not contain an individual city with a population greater than fifty thousand according to the most recent federal 203 decennial census;
- 204 (29) "Tax credits", tax credits issued by the department to offset the state 205 taxes imposed by chapters 143 and 148, or which may be sold or refunded as 206 provided for in this program;
- 207 (30) "Withholding tax", the state tax imposed by sections 143.191 to 208 143.265. For purposes of this program, the withholding tax shall be computed using a schedule as determined by the department based on average wages[; and 209
- 210 (31)].

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211This section is subject to the provisions of section 196.1127.