

HB 1371 -- RURAL EMPOWERMENT ZONE CRITERIA

SPONSOR: Wilson (119)

COMMITTEE ACTION: Voted "do pass" by the Special Committee on Rural Community Development by a vote of 7 to 0.

Currently, rural empowerment zones are only allowed to exist in Hickory County, which has a population of 8,940 residents. This bill allows these zones to exist in any county with 16,000 or fewer residents, which includes 50 counties. The bill also prohibits more than two rural empowerment zones in any county.

FISCAL NOTE: Estimated Effect on General Revenue Fund of an income of \$0 to a cost of Unknown - could exceed \$5,880,000 in FY 2009, FY 2010, and FY 2011. No impact on Other State Funds in FY 2009, FY 2010, and FY 2011.

PROPOSERS: Supporters say that all rural counties face the same difficulty creating jobs. There's very little to attract a new business to rural areas. The bill exempts a new business that creates at least 10 new jobs in a small, rural county from paying state income taxes for 10 years. These are small counties, with fewer than 16,000 residents, and they cannot afford to lose any of their tax base. That's why the burden must be placed upon the state to accept the loss. The new jobs will have a positive impact, so this program is probably cost-neutral. This is a powerful incentive which may reverse the negative economic growth experienced in rural communities.

Testifying for the bill were Representative Wilson (119); Associated Industries of Missouri; Taxpayers Research Institute of Missouri; and Missouri Economic Development Council.

OPPOSERS: There was no opposition voiced to the committee.