

SECOND REGULAR SESSION

HOUSE BILL NO. 2044

95TH GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVES FRAME (Sponsor), CASEY, ATKINS, WEBB, SCAVUZZO,
YAEGER, MEADOWS, FALLERT, SCHOEMEHL, ROORDA AND KOMO (Co-sponsors).

3927L.011

D. ADAM CRUMBLISS, Chief Clerk

AN ACT

To amend chapter 620, RSMo, by adding thereto one new section relating to the manufacturing incubators act.

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

Section A. Chapter 620, RSMo, is amended by adding thereto one new section, to be
2 known as section 620.497, to read as follows:

620.497. 1. This section shall be known as the "Manufacturing Incubators Act".

2 **2. As used in this section, unless the context clearly indicates otherwise, the**
3 **following words and phrases shall mean:**

4 **(1) "Department", the department of economic development;**

5 **(2) "Incubator", a program in which small units of space may be leased by a tenant**
6 **and in which management maintains or provides access to manufacturing tools, machines,**
7 **mentoring, and training services to such tenants;**

8 **(3) "Local sponsor" or "sponsor", an organization which enters into a written**
9 **agreement with the department to establish, operate, and administer a manufacturing**
10 **incubator program or to provide funding to an organization which operates such a**
11 **program;**

12 **(4) "Participant", a sole proprietorship, business partnership, or corporation**
13 **operating a manufacturing business for profit through which the owner avails himself or**
14 **herself of manufacturing development services in an incubator program;**

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

15 (5) "Tenant", a sole proprietorship, business partnership, or corporation operating
16 a manufacturing business for profit and leasing or otherwise occupying space in an incubator.

17 3. There is hereby established under the direction of the department a loan, loan
18 guarantee, and grant program for the establishment, operation, and administration of
19 manufacturing incubators, to be known as the "Manufacturing Incubator Program". A
20 local sponsor may submit an application to the department to obtain a loan, loan
21 guarantee, or grant to establish an incubator. Each application shall:

22 (1) Demonstrate that a program exists that can be transformed into an incubator
23 at a specified cost;

24 (2) Demonstrate the ability to directly provide or arrange for the provision of
25 manufacturing development services for tenants and participants of the incubator;

26 (3) Demonstrate a potential for sustained use of the incubator program by eligible
27 tenants and participants, through a market study or other means;

28 (4) Demonstrate the ability to manage and operate the incubator program;

29 (5) Include such other information as the department may require through its
30 guidelines.

31 4. The department shall review and accept applications based on the following
32 criteria:

33 (1) Ability of the local sponsor to carry out the provisions of this section;

34 (2) Economic impact of the incubator on the community;

35 (3) Conformance with areawide and local economic development plans, if such
36 exist;

37 (4) Location of the incubator, in order to encourage geographic distribution of
38 incubators across the state.

39 5. Loans, loan guarantees, and grants shall be administered in the following
40 manner:

41 (1) Loans awarded or guaranteed and grants awarded shall be used only for the
42 acquisition and leasing of land and existing buildings, the rehabilitation of buildings or
43 other facilities, construction of new facilities, the purchase of equipment and furnishings
44 which are necessary for the creation and operation of the incubator, and manufacturing
45 development services;

46 (2) Loans, loan guarantees, and grants may not exceed fifty percent of total eligible
47 project costs;

48 (3) Payment of interest and principal on loans may be deferred at the discretion of
49 the department.

50 **6. A local sponsor, or the organization receiving assistance through the local**
51 **sponsor, shall have the following responsibilities and duties in establishing and operating**
52 **an incubator with assistance from the manufacturing incubator program:**

53 **(1) Secure title on a facility for the program or a lease of a facility for the program;**

54 **(2) Manage the physical development of the incubator program, including the**
55 **provision of common conference or meeting space;**

56 **(3) Furnish and equip the program to provide manufacturing and business services**
57 **to the tenants and participants;**

58 **(4) Market the program and secure eligible tenants and participants;**

59 **(5) Provide financial consulting, marketing, and management assistance services**
60 **or arrange for the provision of these services for tenants and participants of the incubator,**
61 **including assistance in accessing private financial markets;**

62 **(6) Set rental and service fees;**

63 **(7) Encourage the sharing of ideas between tenants and participants and otherwise**
64 **aid the tenants and participants in an innovative manner while they are within the**
65 **incubator;**

66 **(8) Establish policies and criteria for the acceptance of tenants and participants**
67 **into the incubator and for the termination of occupancy of tenants so as to maximize the**
68 **opportunity to succeed for the greatest number of tenants, consistent with those specified**
69 **in this section.**

70 **7. The department:**

71 **(1) May adopt such rules, statements of policy, procedures, forms, and guidelines**
72 **as may be necessary for the implementation of this section;**

73 **(2) May make loans, loan guarantees, and grants to local sponsors for incubators;**

74 **(3) Shall ensure that local sponsors receiving loans, loan guarantees, or grants meet**
75 **the conditions of this section;**

76 **(4) Shall receive and evaluate annual reports from local sponsors. Such annual**
77 **reports shall include, but need not be limited to, a financial statement for the incubator,**
78 **evidence that all tenants and participants in the program are eligible under the terms of**
79 **this section, and a list of companies in the incubator.**

80 **8. On or before January first of each year, the department shall provide a report**
81 **to the governor, the chief clerk of the house of representatives, and the secretary of the**
82 **senate which shall include, but need not be limited to:**

83 **(1) The number of applications for incubators submitted to the department;**

84 **(2) The number of applications for incubators approved by the department;**

85 (3) The number of incubators created through the manufacturing incubator
86 program;

87 (4) The number of tenants and participants engaged in each incubator;

88 (5) The number of jobs provided by each incubator and tenants and participant of
89 each incubator;

90 (6) The occupancy rate of each incubator;

91 (7) The number of manufacturing businesses still operating in the state after
92 leaving incubators and the number of jobs they have provided.

93 9. There is hereby established in the state treasury a special fund to be known as
94 the "Missouri Manufacturing Incubators Fund", which shall consist of all moneys which
95 may be appropriated to it by the general assembly, and also any gifts, contributions, grants
96 or bequests received from federal, private or other sources. Moneys for loans, loan
97 guarantees, and grants under the manufacturing incubator program may be obtained from
98 appropriations made by the general assembly from the Missouri manufacturing incubators
99 fund. Any moneys remaining in the Missouri manufacturing incubators fund at the end
100 of any fiscal year shall not lapse to the general revenue fund, as provided in section 33.080,
101 but shall remain in the Missouri manufacturing incubators fund.

102 10. For any taxable year beginning after December 31, 2010, a taxpayer, including
103 any charitable organization which is exempt from federal income tax and whose Missouri
104 unrelated business taxable income, if any, would be subject to the state income tax imposed
105 under chapter 143 shall be entitled to a tax credit against any tax otherwise due under the
106 provisions of chapter 143, 147, or 148, excluding withholding tax imposed by sections
107 143.191 to 143.265, in the amount of fifty percent of any amount contributed by the
108 taxpayer to the Missouri manufacturing incubators fund during the taxpayer's tax year
109 or any contribution by the taxpayer to a local sponsor after the local sponsor's application
110 has been accepted and approved by the department. The tax credit allowed by this
111 subsection shall be claimed by the taxpayer at the time he files his or her return and shall
112 be applied against the income tax liability imposed by chapter 143, chapter 147, or chapter
113 148 after all other credits provided by law have been applied. That portion of earned tax
114 credits which exceeds the taxpayer's tax liability may be carried forward for up to five
115 years. The aggregate of all tax credits authorized under this section shall not exceed five
116 hundred thousand dollars in any taxable year.

117 11. Notwithstanding any provision of Missouri law to the contrary, any taxpayer
118 may sell, assign, exchange, convey or otherwise transfer tax credits allowed in subsection
119 10 of this section under the terms and conditions prescribed in subdivisions (1) and (2) of

120 **this subsection. Such taxpayer, hereinafter the assignor for the purpose of this subsection,**
121 **may sell, assign, exchange, or otherwise transfer earned tax credits:**

122 **(1) For no less than seventy-five percent of the par value of such credits; and**

123 **(2) In an amount not to exceed one hundred percent of annual earned credits. The**
124 **taxpayer acquiring earned credits, hereinafter the assignee for the purpose of this**
125 **subsection, may use the acquired credits to offset up to one hundred percent of the tax**
126 **liabilities otherwise imposed by chapter 143, 147, or 148, excluding withholding tax**
127 **imposed by sections 143.191 to 143.265. Unused credits in the hands of the assignee may**
128 **be carried forward for up to five years. The assignor shall enter into a written agreement**
129 **with the assignee establishing the terms and conditions of the agreement and shall perfect**
130 **such transfer by notifying the department in writing within thirty calendar days following**
131 **the effective day of the transfer and shall provide any information as may be required by**
132 **the department to administer and carry out the provisions of this section. The director of**
133 **the department shall prescribe the method for submitting applications for claiming the tax**
134 **credit allowed under subsection 10 of this section and shall, if the application is approved,**
135 **certify to the director of revenue that the taxpayer claiming the credit has satisfied all the**
136 **requirements specified in this section and is eligible to claim the credit.**

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