

HCS HB 2026 -- ENHANCED ENTERPRISE ZONES

SPONSOR: Brown, 30 (Hobbs)

COMMITTEE ACTION: Voted "do pass" by the Committee on Local Government by a vote of 12 to 0.

This substitute changes the laws regarding enhanced enterprise zones. In its main provisions, the substitute:

(1) Authorizes an annual tax credit for up to 10 years if approved by the Department of Economic Development to a taxpayer who establishes a new business facility in a certified industrial zone approved or designated as an enhanced enterprise zone. A taxpayer who receives this tax credit cannot also receive tax credits from enterprise zones, relocating a business to a distressed community, or Missouri Quality Jobs programs. To receive the tax credit, a taxpayer must employ at least two new individuals at the new business facility, have a total aggregate new business facility investment of at least \$10 million, or invest at least \$1 million during the taxable year in which the credit is claimed. The tax credit will be equal to 10% of the gross wages of each new employee at the facility and 5% of the investment made in the new business facility within an enhanced enterprise zone. The maximum annual amount of tax credits is \$24 million;

(2) Allows a taxpayer to receive the tax credit for an existing facility which expands if he or she invests at least \$100,000 and hires at least two additional employees during the tax year in which the credits are claimed. The substitute explains the manner in which the taxpayer's investment in the original facility prior to expansion must be determined;

(3) Requires \$10 million of the \$24 million annually authorized for enhanced business enterprises to be issued for enterprises located in certified industrial zones. The credits must be claimed for the taxable year in which commencement of commercial operations occurs at the new business facility and for each of the following nine years in which the credit is issued. The credits are refundable and transferable but cannot be carried forward;

(4) Requires the department, prior to the issuance of any tax credits, to verify that the applicant does not owe any delinquent taxes, penalties, fees, assessments, or insurance taxes. Taxpayers who are delinquent between June 15 and July 1 will be given 30 days to satisfy the delinquency. Available credits will be applied to delinquencies and any remaining credits will be issued to the applicant;

(5) Defines "certified industrial zone" as an area of real property that encompasses at least 100 acres which has been approved by the department as a certified site; has been found by ordinance of the governing body to be blighted; and is located in a census tract which has a poverty rate at least 20% or for which the median income is less than 80% of the statewide median income or is less than 80% of the metropolitan median income for the metropolitan statistical area in which the zone is located, whichever is greater; and

(6) Specifies that "enhanced business enterprise" includes a business enterprise located within a certified industrial zone that engages in data processing, hosting, and related services and Internet publishing, broadcasting, and web search portals as it relates to the tax credit.

FISCAL NOTE: Estimated Effect on General Revenue Fund of an income of \$0 or a cost of \$63,561 in FY 2011, an income of \$0 or a cost of \$71,751 in FY 2012, and an income of \$0 or a cost of \$73,903 in FY 2013. No impact on Other State Funds in FY 2011, FY 2012, and FY 2013.

PROPOSERS: Supporters say that the bill authorizes an expansion in the base of potential users of enhanced enterprise zones because there is available money in that program fund. Landowners are allowed to start working with local governments to prepare a site with infrastructure in order to attract industrial companies more easily and quickly.

Testifying for the bill were Representative Hobbs; James Grice, Spencer Fane Britt and Browne, LLP; James Brooks, Regional Economic Development Incorporated; David Griggs, Missouri CORE; and Missouri Chamber of Commerce and Industry.

OPPOSERS: There was no opposition voiced to the committee.