

HB 2026 -- Enhanced Enterprise Zones

Sponsor: Hobbs

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

(1) Authorizes a 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 the new or expanded business facilities, 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 seven new individuals at the new business facility and 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;

(2) Allows a taxpayer to receive the tax credit for an existing facility which expands if they invest at least \$100,000 and hire at least two additional employees during the tax year in which the credits are claimed. The bill 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 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 of Economic Development, 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;

(6) Allows an industry located within a certified industrial zone to include data processing, hosting, and related services and Internet publishing, broadcasting, and web search portals to be considered an enhanced business enterprise as it relates to the tax credit; and

(7) Removes the restriction requiring a megaproject to be a manufacturing or assembling facility.