HB 357 -- Enhanced Enterprise Zones

Sponsor: Leara

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

(1) Defines “dormant manufacturing plant” as any parcel of real property that encompasses at least 250 acres that, within six years of the date of the notice of intent, was predominantly used for manufacturing or assembly and employed not less than 3,000 persons but has since ceased all activity, has been found by an ordinance adopted by the governing body to be a blighted area and designated for redevelopment, and is located in certain census tracts defined by poverty rates or income or is involved in certain federal agency funding of at least $1 million to facilitate redevelopment of the property;

(2) Defines “dormant manufacturing plant zone” as a dormant manufacturing plant, all real property which is immediately contiguous to the plant, and all real property within 6,000 feet of the boundary of the plant;

(3) Reduces from 10 to five the number of years a taxpayer can receive a tax credit for establishing a new business facility in an enhanced enterprise zone;

(4) Changes the tax credit receivable by a taxpayer establishing a new business facility in an enhanced enterprise zone to the lesser of the annual amount of projected state economic benefit for the enhanced business enterprise as determined by the Department of Economic Development or an annual amount up to 2.5% of the gross wages of each new business facility employee plus up to 0.5% of the investment made in the new business facility within an enhanced enterprise zone. Currently, the tax credit is equal to the lesser of the annual amount of projected state economic benefit for the enhanced business enterprise as determined by the department or the sum of credits calculated at $400 for each new business facility employee employed within an enhanced enterprise zone, $400 for each new business facility employee who is a resident of the enhanced enterprise zone, and $400 for each new business facility employee who receives a wage that exceeds the average county wage in the county in which the facility is located;

(5) Authorizes an annual tax credit for up to five years if approved by the department to a taxpayer who establishes a new business facility in a dormant manufacturing plant zone approved or designated as an enhanced enterprise zone. A taxpayer cannot receive multiple five-year periods for subsequent expansions at

the same facility. A taxpayer who receives this tax credit cannot also receive tax credits or other benefits for the same new jobs from the new or expanded business facilities, enterprise zones, relocating a business to a distressed community, enhanced enterprise zones, or Missouri Quality Jobs programs. To receive the tax credit, a taxpayer must employ at least two new individuals at the new business facility or invest at least $100,000 during the taxable year in which the credit is claimed. The tax credit will be equal to the lesser of the annual amount of projected state economic benefit for the enhanced business enterprise as determined by the department or an annual amount equal to 2.5% of the gross wages of each new business facility employee plus 0.5% of the investment made in the new business facility within an enhanced enterprise zone. Tax credits for new business facilities in dormant manufacturing plant zones approved or designated as an enhanced enterprise zone are to be included in the $24 million annual cap on tax credits authorized for all enhanced enterprise zones;

(6) Allows a taxpayer to receive the tax credit for an existing facility which expands if he or she invests at least $1 million during the applicable tax period and hires at least two additional employees during the tax year in which the credit is claimed;

(7) Specifies how the number of new business facility employees during any taxable year must be determined or adjusted;

(8) Specifies how a taxpayer's investment in the new business facility or in the expansion of a business facility treated as a new business facility or in a replacement business facility must be determined or adjusted;

(9) Requires the credits to be claimed for the taxable year in which commencement of commercial operations occurs at the new business facility and for each of the following five years in which the credit is issued. The credits are refundable and transferable but cannot be carried forward; and

(10) Requires the Department of Economic Development, prior to the issuance of any tax credits, to verify through the Department of Revenue or any other state department that the applicant does not owe any delinquent taxes, interest or penalties on any taxes, or any delinquent fees or assessments. A taxpayer who is delinquent after June 15 but before July 1 of any year will be given 30 days to satisfy the delinquency. Any available credits will be applied to delinquencies, and any remaining credits will be issued to the applicant subject to the restrictions of other provisions of law.