

SCS SB 1 -- AEROSPACE TAX CREDITS

SPONSOR: Schmitt (Zerr)

COMMITTEE ACTION: Voted "Do Pass" by the Committee on Economic Development by a vote of 24 to 0.

This bill defines "aerospace project" as a project started on or before June 10, 2014, creating at least 2,000 new jobs within 10 years by a qualified company with a North American Industry Classification System of 3364 and defines "job creation, worker training and infrastructure development programs" as the Missouri Works Program, the Missouri Use Incentives for Large-Scale Development Act, the Missouri Works Training Program, and the Real Property Tax Increment Redevelopment Act.

The bill specifies that an aerospace project established under job creation, worker training and infrastructure development programs will not count toward the aggregate amount of state benefits that can be awarded annually or cumulatively under the programs. An aerospace project cannot be authorized for state benefits for more than \$150 million annually under all of these programs.

The Department of Economic Development must submit an annual report to the General Assembly on the state benefits received and projected to be received by any aerospace project receiving state benefits under Section 620.2475, RSMo, and the number of minorities who have received training under the Missouri Works Training Program. Any aerospace project receiving benefits under these provisions must report annually to the General Assembly and the department on its employment outreach efforts to women and minorities.

Any aerospace project receiving benefits under these provisions is prohibited from using disbursements of new state revenues under tax increment financing to satisfy bond obligations incurred for improvements that do not directly benefit the project.

The department is required, in the tenth year after the approval of a notice of intent for an aerospace project, to determine the net fiscal benefit to the state resulting from a project and to take the necessary action to ensure a positive net fiscal benefit to the state by no later than the last year in which the project receives state benefits under the bill.

The bill contains an emergency clause.

PROPOSERS: Supporters say that the bill will allow Missouri to compete for a new Boeing plant to produce all or part of the 777X

Project. This project would create thousands of new jobs at Boeing and additional new jobs at suppliers throughout the state. The bill could provide up to \$150 million annually in tax credits to Boeing and the return on investment is expected to be better than 2 to 1 in increased tax revenue. Boeing currently has a major presence in Missouri and is considered an excellent corporate citizen.

Testifying for the bill were Representative Zerr for Senator Schmitt; Jason Zamkus, Office of the Governor; Associated Industries of Missouri; Missouri Chamber of Commerce and Industry; Missouri AFL-CIO; Missouri Community College Association; and St. Louis Regional Chamber.

OPPONENTS: Opponents say that the bill undercuts capitalism and the free market by picking winners and losers.

Testifying against the bill was Bruce Hillis.