

HCS SCS SB 861 -- TRANSPORTATION FACILITIES

SPONSOR: Wieland (McCaherty)

COMMITTEE ACTION: Voted "Do Pass with Amendments" by the Standing Committee on Small Business by a vote of 12 to 0. Voted "Do Pass with HCS" by the Select Committee on Commerce by a vote of 10 to 0.

This bill creates the "Advanced Industrial Manufacturing Zones Act." Port authorities located in Missouri are authorized to establish an advanced industrial manufacturing AIM zone, which is an area that is being developed or redeveloped for any purpose so long as any infrastructure and building built or improved is in the development area. A zone may include any portion of the area located in the authority's jurisdiction, and its boundaries must be determined by the authority. More than one zone may exist within the authority's jurisdiction (Section 68.075, RSMo).

The bill creates the "Port Authority AIM Zone Fund" consisting of 50% of the state withholding tax from new jobs within the zone after development or redevelopment has begun. The money in the fund must be used for expenses to continue expanding, developing, and redeveloping zones identified by the port authority board of commissioners. No more than 10% of the total amount collected within the zones of a port authority may be appropriated by the legislature for the administration of a port authority. The authority must approve any projects, disperse money in the fund, and submit an annual budget for the collected funds to the Department of Economic Development explaining how and when the money will be spent.

No new AIM zones may be established after August 28, 2035. Existing AIM zones shall expire when any obligations being funded by the AIM zone are retired.

This bill creates three types of income tax deductions for entities transporting cargo through water port facilities and airports in Missouri. The deductions will be administered by the Department of Economic Development (Sections 143.2100-143.2115).

Beginning January 1, 2017, manufacturers or distributors shipping cargo by waterborne vessel through a water port facility or by airplane through an airport located in Missouri may be eligible for a deduction. The taxpayer must increase by 5% the volume of cargo transported through a port facility over the prior year's total. The 5% increase requirement will be waived if the cargo is transported through a new port facility that is expected to transport at least 25,000 20-foot equivalent units (TEUs) in its first calendar year. Taxpayers must have transported at least 75

net tons of noncontainerized cargo or 10 loaded TEUs in the prior year to be eligible for the deduction.

The deduction will be \$50 per TEU over the prior year's cargo volume. For cargo transported through a new port facility in its first year, the deduction will be \$50 per TEU. Taxpayers are limited to \$250,000 in deductions per year. No more than \$3.5 million deductions shall be allowed in a calendar year. The \$250,000 taxpayer limit may be exceeded if the \$3.5 million calendar year cap is not met by March 15 in a given year. No deductions may be claimed for tax years beginning after December 31, 2022.

Beginning January 1, 2017, taxpayers operating an international trade facility may qualify for a deduction based on the amount of cargo transported by airplane, rail, truck, or barge. The deduction will be equal to \$25 per TEU or 16 tons of noncontainerized cargo. No more than \$2 million in deductions may be claimed in a fiscal year. No deductions may be claimed for tax years beginning after December 31, 2022.

Beginning January 1, 2017, taxpayers operating an international trade facility and increasing the volume of cargo by 10% over the prior year may qualify for a deduction. The deduction shall be in an amount equal to \$3,500 per new full-time employee or 2% of the capital investment made in the facility. The new employees or capital investments must be related to an increase in trade activities through international shipping to qualify for the deduction. No more than \$500,000 in deductions may be claimed in any fiscal year. No deductions shall be claimed for tax years beginning after December 31, 2022. The tax deduction amount cannot exceed 50% of a taxpayer's Missouri adjusted gross income in a tax year. The deduction may be recaptured if the number of full-time employees falls below the average number of full-time employees during the tax year.

This bill expands the definition of eligible projects for the "Public-Private Partnerships Transportation Act" to include port facilities, water facilities, water ways, fuel supply facilities or pipelines, water supply facilities or pipelines, public works, wastewater or wastewater treatment facilities, public buildings, vehicle parking facilities, mass transit facilities, and other similar facilities including adjacent structures (Section 227.600).

This bill is similar to SB 461 (2015), HB 1091 (2014), and HB 2063 (2014).

**PROPOSERS:** Supporters say that the bill would help Missouri ports prepare for and take advantage of the expansion of the Panama

Canal.

Testifying for the bill were Senator Wieland; Missouri Port Authority Association; Missouri Department Of Transportation; Burns And McDonnell Engineering; Missouri Chamber Of Commerce And Industry; Greater Kansas City Chamber Of Commerce; and the Port Authority of Kansas City.

OPPONENTS: There was no opposition voiced to the committee.