

SECOND REGULAR SESSION
HOUSE COMMITTEE SUBSTITUTE FOR
HOUSE BILL NO. 1865
96TH GENERAL ASSEMBLY

6084H.03C

D. ADAM CRUMBLISS, Chief Clerk

AN ACT

To amend chapters 67 and 620, RSMo, by adding thereto seven new sections relating solely to due diligence given in consideration of economic development incentives.

Be it enacted by the General Assembly of the state of Missouri, as follows:

Section A. Chapters 67 and 620, RSMo, are amended by adding thereto seven new sections, to be known as sections 67.095, 620.007, 620.008, 620.009, 620.019, 1, and 2 to read as follows:

67.095. 1. A political subdivision shall hold a public hearing on the issuance of any of the political subdivision's bonds that have a pledge of future appropriations securing the bond's debt service before issuing any such bond. Notice of the public hearing shall be published once each week for two consecutive weeks in a newspaper of general circulation located in the political subdivision and qualified to publish legal notices under section 493.050. If there is no such newspaper located in the political subdivision, the notice of public hearing shall be published in a newspaper of general circulation located in the county where the political subdivision is located and qualified under section 493.050. If there is no such newspaper in the county, the notice of public hearing shall be published in a newspaper of general circulation located in an adjoining county and qualified under section 493.080. The last insertion of the notice shall not be less than ten days before the date stated for the public hearing.

2. Such notice provided pursuant to this section shall inform the public that:

(1) Issuance of the bond may result in adverse consequences for the political subdivision, including a reduction in the political subdivision's credit rating or an increase in the cost of future borrowing by the political subdivision; and

(2) That a successful bond may have a positive impact on the community.

EXPLANATION — Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted from the law. Matter in **bold-face** type in the above bill is proposed language.

18 **3. Any political subdivision holding a public hearing as provided in subsection 1**
19 **of this section shall allow public testimony and such hearing shall be held at a regularly**
20 **scheduled meeting of the governing body of the political subdivision.**

21 **4. This section shall not apply to refinancing of current indebtedness.**

22 **5. This section shall not apply to a political subdivision with a population over three**
23 **hundred thousand that, pursuant to either a charter or other ballot measure approved by**
24 **its voters, has enacted a policy that reflects best practices for the prudent use of debt,**
25 **including bonds, and the use of economic incentives, that contains, at a minimum, the**
26 **following components:**

27 **(1) Use of an annual appropriation pledge;**

28 **(2) Debt capacity;**

29 **(3) Use of third-party professionals;**

30 **(4) Structuring and marketing of the bonds; and**

31 **(5) Management of credit ratings.**

620.007. The department of economic development shall require applicants for
2 **economic development assistance to provide third-party verification of financial**
3 **information when such information is submitted to the department. For the purposes of**
4 **this section, third-party verification shall mean a statement from any financial institution**
5 **that has no financial interest in the economic development incentives the applicant is**
6 **seeking.**

620.008. The department of economic development shall conduct or have conducted
2 **criminal and financial background checks on key officers of any start-up company**
3 **applying for economic development assistance. The department may require additional**
4 **fees to pay for such checks. In complying with this section, the department shall**
5 **promulgate rules defining “key officers” and “start-up company”.**

620.009. 1. The department of economic development shall share either by
2 **electronic copy of the original source or as close as a reproduction as possible all**
3 **information it has about a company seeking state and local economic development**
4 **incentives with all local governments, local not-for-profit economic development**
5 **organizations, and economic development officials competing for the company's business.**

6 **2. Local governments, local not-for-profit economic development organizations, and**
7 **economic development officials working with a company seeking state or local economic**
8 **development incentives shall also share with the department of economic development all**
9 **negative information received about a company.**

10 **3. In complying with the provisions of this section, all adverse information received**
11 **about a company seeking state or local economic development incentives shall be subject**
12 **to the provisions of section 620.014.**

13 **4. In working with local governments, local not-for-profit economic development**
14 **organizations, and economic development officials on projects, the department of economic**
15 **development shall designate one or more persons as the local contact for each project. The**
16 **designated contacts shall be the persons through whom all information required in this**
17 **section shall be provided. Such persons shall be required to sign a non-disclosure**
18 **agreement agreeing not to divulge information, including company name, acquired about**
19 **an applicant for economic development incentives to the general public.**

620.019. The department of economic development shall develop a five-star system
2 **to apprise local governments of the department's opinion on proposals for economic**
3 **development incentives that combine local and state resources.**

Section 1. Any new consulting contract by a consultant representing or performing
2 **services for the state of Missouri in a foreign country shall contain a provision that the**
3 **consultant refrain from representing companies from the country of the contract in either**
4 **proceedings before or negotiations with the department of economic development or for**
5 **any other public policy purpose in Missouri. However, any preexisting relationships**
6 **between a contractor and companies in the country of the contract shall be exempt from**
7 **the provisions of this section.**

Section 2. Any rule or portion of a rule, as that term is defined in section 536.010,
2 **that is created under the authority delegated in this section shall become effective only if**
3 **it complies with and is subject to all of the provisions of chapter 536 and, if applicable,**
4 **section 536.028. This section and chapter 536 are nonseverable and if any of the powers**
5 **vested with the general assembly pursuant to chapter 536 to review, to delay the effective**
6 **date, or to disapprove and annul a rule are subsequently held unconstitutional, then the**
7 **grant of rulemaking authority and any rule proposed or adopted after August 28, 2012,**
8 **shall be invalid and void.**

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