

HCS HB 1245 -- TAX CREDITS AND MISSOURI QUALITY JOBS ACT (Lauer)

COMMITTEE OF ORIGIN: Committee on Economic Development

This substitute authorizes an income tax credit for the eligible costs of bringing a sporting event to Missouri. In order to receive the tax credit, the Department of Economic Development must certify the applicant's sporting event support contract between the applicant and a site selection organization. These organizations are specified in the substitute and include, but are not limited to, the National Collegiate Athletic Association, the United States Olympic Committee, and the United States Golf Association.

The applicant must submit documentation of the eligible costs within 30 days of the conclusion of the sporting event. Within seven days of the conclusion of the sporting event, the department, in consultation with the Director of the Department of Revenue, must determine the total number of tickets sold at face value for the sporting event. Within 60 days of receiving the documentation from the applicant of the eligible costs, the department must issue a refundable tax credit equal to 100% of the eligible costs or an amount equal to \$5 multiplied by the average number of paid participants multiplied by the number of days from the first to the last day of the event, whichever is less. The tax credit may be transferred, sold, or assigned. No more than \$10 million of these tax credits can be issued by the department in any fiscal year. In any fiscal year, no more than \$8 million in tax credits can be available to all applicants that submit support contracts for sporting events to be held in St. Louis City or Jackson County.

The department can only certify a support contract for a sporting event in which the location is selected after August 28, 2012. The department cannot certify a contract after August 28, 2018, but can certify a contract before that date for a sporting event that will be held after that date.

The substitute authorizes an income tax credit equal to 50% of any eligible donation to a certified sponsor or local organizing committee. The credit is not refundable but can be carried forward up to four years or sold. No more than \$10 million of these tax credits can be issued by the department in any fiscal year.

The substitute specifies that no finding of blight under Chapter 135, RSMo, can be used to meet the conditions for blight under any other state statute.

The substitute changes the job retention provisions in the

Missouri Quality Jobs Act by reducing from \$70 million to \$50 million, the amount of investment that a qualified company must make and increases, from two years to five years, the time period for making the investment and extending the date that a tax credit can be issued for a project if it has been approved by the department from August 30, 2013, to August 30, 2018.

Economic incentives are authorized for job retention projects under the act for a qualified company that meets certain requirements if the Department of Economic Development determines that there is a significant probability that the qualified company would relocate to another state in the absence of the benefits. The economic incentives can be in the form of retaining taxes otherwise withheld from full-time jobs or a tax credit. Prior to the award of any benefits, the department director must notify the President Pro Tem of the Senate and the Speaker of the House of Representatives of the amount of the award and other specified information unless the disclosure is otherwise protected by law.

In order to receive withholding tax retention benefits, the qualified company must retain at least 125 full-time employees for a period of 10 years from approval of the notice of intent, make a new capital investment at the project facility within three years from approval of the notice of intent in an amount equal to 50% of the total withholding tax retention benefits, and enter into a written agreement with the department containing detailed performance requirements and repayment penalties in the event of nonperformance. If a qualified company meets these requirements, it may be authorized to retain up to 100% of the withholding taxes from full-time jobs for a period of 10 years if the average wage of the retained jobs equals or exceeds 90% of the county average wage. The aggregate amount of retained withholding taxes authorized is limited to \$6 million for each fiscal year beginning on or after July 1, 2012. The substitute specifies the factors that the department must consider in awarding withholding tax retention benefits.

Beginning January 1, 2013, but ending on or before December 31, 2014, in lieu of the withholding tax retention benefits, the department may authorize a qualified company a one-time tax credit in an amount up to 7% of new payroll from the new jobs created over a five-year period or up to 9% if the qualified company is in a targeted industry as identified by the department by rule following a specified process. The qualified company must also enter into a written agreement with the department covering the applicable project period which contains detailed performance requirements; the time period during which the tax credits will be issued; repayment penalties, including recapture of the tax credits, in the event of nonperformance; and other

specified information. The total credits authorized cannot exceed \$10 million annually.

The Missouri Jobs for Education Program is established to provide a tuition credit for certain business owners or companies who create new full-time jobs in Missouri that can be used by the business owner or a person of his or her choice toward tuition at any public institution of higher learning in the state. A qualifying business owner or company will receive one credit toward tuition for every qualifying job created. The credit must be used within 10 years of the date it is awarded or it will be deposited into general revenue. The Department of Economic Development must administer the program which must be funded from employee withholding taxes. The department must track employer contributions and ensure that the credit toward tuition does not exceed the amount that has been deposited by the employer.

The provisions of the substitute regarding the tax credit to a sponsor or committee for a sporting event expire six years after the effective date and the provisions of the substitute regarding the Missouri Jobs for Education Program expire four years after the effective date.

FISCAL NOTE: Estimated Net Cost on General Revenue Fund of Unknown greater than \$10,060,447 in FY 2013, Unknown greater than \$10,065,917 in FY 2014, and Unknown greater than \$10,066,634 in FY 2015. No impact on Other State Funds in FY 2013, FY 2014, and FY 2015.