HB 1885 -- RURAL WORKFORCE DEVELOPMENT ACT

SPONSOR: Pollitt (52)

This bill creates the "Missouri Rural Workforce Development Act", which provides a tax credit for certain investments made in businesses located in rural areas in this state.

The bill allows investors to make capital investments in a rural fund. A rural fund wishing to accept investments as capital investments must apply to the Department of Economic Development. The application must include the amount of capital investment requested, a copy of the applicant's license as a rural business or small business investment company, evidence that the applicant has made at least $100 million in investments in nonpublic companies located in counties throughout the United States with a population less than 50,000, evidence that the applicant has made at least $30 million in investments in nonpublic companies located in Missouri, and a business plan that includes a revenue impact statement projecting state and local tax revenue to be generated by the applicant's proposed qualified investments. The rural fund must also submit a nonrefundable application fee of $5,000.

The Department must grant or deny an application within 30 days of receipt. The Department must deny an application if such application is incomplete or insufficient, if the revenue impact assessment does not demonstrate that the business plan will result in a positive economic impact on the state over a 10 year period, or if the Department has already approved the maximum amount of capital investment authority.

Investors are allowed a tax credit for a period of six years beginning with the year the investor made a capital investment. The tax credit must be equal to a percentage of the capital investment. The percentage must be zero for the first two years, and 15% for the subsequent four years. Tax credits issued must not be refundable, but may be carried forward to any of the five subsequent tax years. No more than $25 million dollars in tax credits may be authorized in a given calendar year.

Rural funds must use capital investments made by investors to make qualified investments in eligible businesses. An eligible business is a business that, at the time of the qualified investment, has fewer than 250 employees and has its principal business operations in the state.

The Department may recapture tax credits if the rural fund does not invest 60% of its capital investment authority in qualified investments within two years of the date of the capital investment, and 100% of its capital investment authority within three years, if the rural fund fails to maintain qualified investments equal to 90% of its capital investment authority in years three through six, if prior to exiting the program or 30 days after the sixth year, the rural fund makes a distribution or payment that results in the fund having less than 100% of its capital investment authority invested in qualified investments, or if the rural fund violates provisions of the bill.

Rural funds must submit annual reports to the Department, including the name and location of each eligible business receiving a qualified investment, the number of jobs created and jobs retained as a result of qualified investments, the average salary of such jobs, and any other information required by the Department.

At any time after the sixth anniversary of the capital investment, a rural fund may apply to the Department to exit the program. The Department must respond to such application within 15 days. A rural fund must be subject to penalties for not meeting projected job creation metrics.

The Department must not accept new applications for tax credits after December 31, 2032.

This bill is similar to SB 675 (2022).