

HB 2364 -- Quality Jobs Act

Sponsor: Leara

This bill establishes a new project type within the Quality Jobs Act called megaprojects and allows a qualified company that files a notice of intent with the Department of Economic Development for a megaproject to apply for enhanced tax credits. The enhanced tax credits may equal up to the total amount of the projected new annual payroll that is attributable to the employees of the qualified company and will be transferable and refundable.

A megaproject is a qualified project located in or within two and one-half miles of a dormant existing automobile manufacturing or assembly facility that creates at least 100 new jobs within four years of the date of approval and which:

(1) Pays a wage equal to or above the mean annual wage for occupation code 51-0000, production occupations, in the state of Missouri as published by the United States Bureau of Labor Statistics;

(2) Offers health insurance to all new employees and pays at least 50% of the premiums;

(3) Files a notice of intent by December 31, 2015, or the date when unemployment rates for the county in which the megaproject is located or in the state are less than 5% for 12 consecutive months; and

(4) Is a manufacturing company, as determined by a regulation of the department under the provisions of Section 620.1884, RSMo, or classified under the North American Industry Classification System (NAICS) codes 31-33.

A qualified project may retain up to 4% of new payroll taxes from the withholding taxes of the new jobs for five years from the date the required number of jobs are created. An additional 1% may be retained if local incentives equal between 10% and 24% of the new direct local revenue; an additional 2% if local incentives equal between 25% and 49%; or an additional 3% if the local incentives are 50% or more of the new direct local revenue. If the withholding taxes are not enough to provide the entire benefit due to the qualified company, the department must issue a refundable tax credit for the difference.

The department cannot approve megaprojects after December 31, 2011, and cannot approve credits for issuance before January 1, 2013. The department can authorize up to \$8 million for all

megaprojects annually and up to \$50 million for the life of the program.

The bill also:

(1) Specifies the requirements of a megaproject application, including a proposal by the qualified company that at least \$50 million in new capital investment will be made and that 500 new jobs will be created;

(2) Specifies the factors the department must consider when determining the amount of enhanced tax credits that it will approve;

(3) Requires that a binding contract be executed between the qualified company and the department before final approval of an application and designation of any enhanced tax credits;

(4) Specifies the requirements of the contract which include obligating the company to construct or renovate a facility within five years from the date of approval, recapture and repayment provisions, and the amount of enhanced tax credits;

(5) Allows the department director to issue refundable enhanced tax credits upon entering into a contract with a qualified company. The enhanced tax credits may equal up to the total amount of projected withholding taxes of new jobs at the project facility over a period of up to eight years from the date the qualified company is projected to meet its proposed job, payroll, and capital investment targets. The department director must award the minimum amount of enhanced tax credits necessary to obtain the qualified company's commitment to initiate the megaproject;

(6) Allows the department director to issue enhanced tax credits if the qualified company is unable to obtain sufficient financing to complete the megaproject as long as the qualified company is required to repay the state the amount of the credits, plus interest, unless the department director determines that, without receiving the enhanced tax credits, the qualified company would locate the megaproject in another state;

(7) Specifies the requirements of the annual report the qualified company that receives enhanced tax credits must provide to the department and the appropriations committees of the House of Representatives and Senate; and

(8) Requires the records and documents relating to a supplemental application for a proposed megaproject to be considered closed records until the application has been

approved. Records containing business plan information which may endanger the competitiveness of the qualified company will remain closed.