This bill changes the laws regarding the sales tax on motor vehicles, the transient guest tax in Pettis County, and enhanced enterprise zones and establishes the Missouri Works Program.

SALES TAX ON MOTOR VEHICLES (Sections 32.087 and 144.020 - 144.615, RSMo)

The bill prohibits state and local use taxes on the sale of motor vehicles, trailers, boats, or outboard motors. State and local sales taxes must be imposed on the sale of these items at the time of titling in Missouri, regardless of whether the item was purchased in this state. The residence of the purchaser will be used for determining the local tax rate that should apply. The rate of tax for motor vehicles, trailers, boats, or outboard motors sold at retail must be the sum of the state sales tax and the local sales tax.

All local taxing jurisdictions that have not previously approved a local use tax must put to a vote of the people whether to discontinue collecting sales tax on the sale of motor vehicles, trailers, boats, or outboard motors purchased out-of-state when titling in Missouri. If a taxing jurisdiction does not hold the vote before November 2016, the taxing jurisdiction must cease collecting the sales tax. A taxing jurisdiction may, at any time, hold a vote to repeal the tax. Language repealing the tax must also be put to a vote of the people any time 15% of the registered voters in a taxing jurisdiction sign a petition requesting it.

TRANSIENT GUEST TAX IN PETTIS COUNTY (Section 67.1010)

The provision prohibiting Pettis County from using revenue from its transient guest tax to pay salaries is repealed.

ENHANCED ENTERPRISE ZONES (Section 135.960)

The bill revises the process for designating an enhanced enterprise zone by repealing the requirement that the governing authority notify the Director of the Department of Economic Development of the public hearing regarding the designation at least 30 days prior to the required hearing and to publish the notice in the newspaper. After a public hearing, the governing authority of the political subdivision may adopt an ordinance or resolution to designate an area as an enhanced enterprise zone rather than filing a petition requesting the designation with the department as is currently required.

MISSOURI WORKS PROGRAM (Sections 620.2000 - 620.2020)
The Missouri Works Program is established to provide tax incentives through retained withholding taxes and refundable income and financial institutions tax credits for qualified companies. The program provides entitlement and discretionary benefits for qualified companies that offer health insurance to employees and pay at least 50% of the premiums. Tax credits provided under the program are fully transferable and must be used within one taxable year following the taxable year in which they are issued.

A qualified company may retain an amount equal to the withholding tax for new jobs for five years from the date the jobs are created, or for six years if the company is an existing Missouri business, if the company creates 10 or more new jobs at an average wage of 90% or more of the county average wage; the company creates two or more new jobs at a project facility located in a rural area at an average wage of 90% or more of the county average wage and the company commits at least $100,000 to new capital investment at the facility within two years; or if the company creates two or more new jobs at a project facility located within an enhanced enterprise zone, the average wage of the new jobs equals or exceeds 80% of the county average wage, and the company commits to making at least $100,000 in new capital investment at the project facility within two years. The department may award a qualified company tax credits of up to 6% of new payroll to be issued each year for five years, or six years if the company is an existing Missouri business, if the total amount of tax credit and retained withholding benefits do not exceed 9% of the new payroll in any year. The amount of tax credits awarded cannot exceed the projected net fiscal benefit to the state as determined by the Department of Economic Development and cannot exceed the least amount necessary to obtain the company's commitment to initiate the project. In determining the amount of tax credits to award, the department must consider specified factors. When the department approves a notice of intent to receive tax credits, it must enter into a written agreement with the qualified company that specifies, at a minimum, the committed number of new jobs, new payroll, and new capital investment for each year during the project period; the date or time period during which the tax credits will be issued; clawback provisions as may be required by the department; and any other provisions that the department may require. In lieu of these benefits a qualified company may, for a period of five years from the date the new jobs are created or for six years if the company is an existing Missouri business, retain an amount equal to the withholding tax from the new jobs that would otherwise be withheld and remitted equal to 6% if the company creates 100 or more new jobs and the average wage of the new payroll equals or exceeds 120% of the county average wage of the county in which the project facility is located or 7% if it creates 100 or more new jobs and
the average wage equals or exceeds 140% of the county average wage. The department must issue a refundable tax credit for any difference between the allowed benefit amount and the amount of withholding tax retained by the company if the withholding tax is not sufficient to provide the entire amount of benefit due.

A qualified company that produces 10 or more jobs at the required wage may also receive tax credits of up to 3% of new payroll for five years, or six years if the company is an existing Missouri business, if the total benefits awarded do not exceed 9% of new payroll in any year. The amount of awarded tax credits to a company cannot exceed the projected net fiscal benefit to the state as determined by the department and cannot exceed the least amount necessary to obtain the company's commitment to initiate the project. In determining the amount of tax credits to award, the department must consider specified factors. No benefits can be available for a qualified company that has performed significant, project-specific site work at the project facility, purchased machinery or equipment related to the project, or has publicly announced its intention to make new capital investment at the facility prior to receipt of a proposal for benefits or the approval of its notice of intent, whichever occurs first.

A benefit for retained jobs, not to exceed $6 million in the aggregate in any fiscal year, may be awarded if the department determines that there is a significant probability that the qualified company would relocate to another state in the absence of these benefits. A qualified company may be authorized to retain an amount not to exceed 100% of the withholding tax from full-time jobs for 10 years if the average wage of the retained jobs equals or exceeds 90% of the county average wage. In order to be eligible to receive these benefits, the qualified company must agree to retain at least 50 jobs for 10 years and to make a new capital investment at the project facility within three years in an amount equal to 50% of the total benefits offered to the company. Upon approval of a notice of intent to request benefits, the department and company must enter into a written agreement with specified requirements.

The department is required to respond to a written request for a proposed benefit award under the program within five business days of the receipt of the request. The response must contain a proposal of benefits or a written refusal stating the reasons for the refusal. Failure by the department to respond to a notice of intent within 30 days will result in it being deemed approved. A qualified company may receive additional benefits for subsequent new jobs at the same facility after the full initial project period if the applicable minimum job requirements are met. There cannot be a limit on the number of project periods a qualified company may
participate in the program.

The benefits available to the company under any other state programs for which the company is eligible and which utilize withholding tax from the new or retained jobs must first be credited to the other state program before the withholding retention level applicable under this program will begin to accrue. If a company also participates in a job training program utilizing withholding tax, the company cannot retain withholding tax under this program but the department must issue a refundable tax credit for the full benefit amount under this program. The annual maximum amount of tax credits can be increased by an amount equivalent to the withholding tax retained under a jobs training program.

A qualified company receiving benefits under the program must provide an annual report of the number of jobs and other information as may be required by the department to document the basis for program benefits available no later than 90 days prior the end of the company's tax year immediately following the tax year for which the benefits are attributed. Any taxpayer who is awarded benefits under this program who knowingly hires an individual who is not allowed to work legally in the United States must immediately forfeit the benefits and repay an amount equal to any state tax credits already redeemed and any withholding taxes already retained. If an applicant owes any delinquent taxes, fees, or assessments, any tax credit issued will be first applied to the delinquency.

Beginning August 28, 2013, no new benefits can be authorized for any project that has not already been approved by the department under the Development Tax Credit Tax Program, the Rebuilding Communities Tax Credit Program, the Enhanced Enterprise Zone Tax Credit Program, and the Missouri Quality Jobs Program. A company receiving benefits under the Missouri Works Program cannot benefit under the Manufacturing Jobs Act. The total amount of all tax credits authorized for each fiscal year under the Missouri Works Program, including any outstanding authorizations for tax credits under the other four specified programs, cannot exceed $106 million for Fiscal Year 2014, $111 million for Fiscal Year 2015, and $116 million for FY 2016 and thereafter.

By no later than January 1, 2014, the department must provide quarterly reports on the program to the General Assembly including, at a minimum, a list of all applicants, a list of the amount of new or retained jobs and new capital investment that are directly attributable to the authorized tax credits, documentation of the estimated net state fiscal benefit for each authorized project and the actual benefit realized upon completion of the project or activity, and the department's response time for each request for a
proposed benefit award under the program.

The provisions of the bill regarding the Missouri Works Program expire six years after the effective date.

The provisions of the bill regarding the sales tax on motor vehicles are nonseverable and if any provision is held to be invalid for any reason, the decision will invalidate all of the remaining provisions.