

HCS SB 68 -- WORKFORCE DEVELOPMENT

This bill changes the definition of "new business facility investment" to include property that may be acquired by the taxpayer by purchase, lease, or license, including the right to use software and hardware via on-demand network access to a shared pool of configurable computing resources as long as the rights are used at the new business facility (Section 135.100, RSMo).

This bill creates the "Fast-Track Workforce Incentive Grant" to provide grants for Missouri citizens to attend an approved Missouri postsecondary institution of their choice.

To be eligible, a student must meet certain criteria set forth in the bill, including having an adjusted gross income of less than \$80,000 for married joint filing taxpayers and \$40,000 for all other taxpayers, and being at least 25 years of age or not enrolled in an educational program for the prior two academic years. Grant funding may be renewed, but the student must continue to meet the eligibility requirements and must demonstrate a grade-point average of 2.5 on a 4.0 scale.

Eligibility for a grant expires upon the earliest of receipt of the grant for four semesters or the equivalent, receipt of a bachelor degree, or reaching 200% of the time typically required to complete the program of study.

The Coordinating Board for Higher Education must designate eligible programs of study by January 1, 2020. The eligible programs must be reviewed and updated by the board annually.

In addition, the board shall be the administrative agency for implementation of the program, shall determine the criteria for eligibility, shall evaluate each applicant's eligibility, and shall select qualified recipients. The board shall also determine eligibility for renewed assistance.

Grants shall be awarded in an amount equal to the actual tuition and general fees charged of an eligible student after all other federal and state aid is applied. If a grant amount is reduced to zero due to the receipt of other aid, then the eligible student shall receive an award of up to \$500 or the remaining cost of attendance, whichever is less.

If appropriated funds are insufficient to fund the program, students with the earliest Free Application for Federal Student Aid (FAFSA) date shall be given priority until all funds are expended.

Students may transfer the financial assistance from one approved

public, private, or virtual institution to another without losing eligibility for the program.

This bill creates in the State Treasury the "Fast-Track Workforce Incentive Grant Fund". The fund shall be used solely by the board for the purposes of this bill.

This bill shall sunset six years after the effective date (Section 173.2553).

If a student receives a fast track grant and fails to comply with the terms of the grant, then the fast track grant will convert to a loan. The loan will accrue interest. The coordinating board shall provide a waiver due to permanent disability, death, permanent disability or death of a spouse or child, or service in any Armed Forces branch. The coordinating board shall establish procedures and guidelines for granting deferments and discharges for fast track grants (Section 173.2554).

This bill allows the Department of Economic Development to include on its website the names of the members of the Missouri Workforce Development Board, including the names of the members of any local workforce development board, along with information on how to contact such boards (Section 620.511).

The bill modifies several provisions relating to the Missouri Works Program.

This bill adds a definition for "existing Missouri business" and renames the program the Missouri One Start Program. Currently, administrative expenses are equal to 15% of total training costs. This bill limits such expenses to a reasonable amount determined by the Department of Economic Development (Section 620.800).

In promulgating rules and regulations governing the Missouri One Start Training Program, this bill requires the department to consider such factors as the potential number of new jobs to be created, the amount of new capital investment in new facilities and equipment, the significance of state benefits to the qualified company's decision to locate or expand in Missouri, the economic need of the affected community, and the importance of the qualified company to the economic development of the state.

The bill allows the department to require a qualified business to repay all benefits if such business fails to maintain the new or retained jobs within five years of approval of benefits or if such business leaves the state within five years of approval of benefits.

This bill allows the department to contract with other entities, including businesses, industries, other state agencies, and political subdivisions of the state for the purpose of implementing a training project under the program (Section 620.803).

Upon appropriation of funds to the Missouri One Start Job Development Fund, this bill allows a local education agency to petition the department to utilize the fund to create or improve training facilities, equipment, staff, expertise, programming, and administration. The department may award moneys from the fund for reimbursement of training project costs and services as it deems necessary (Section 620.806).

The bill gives the department the discretion to determine the appropriate amount of funds to allocate to a training project from the Missouri One Start Community College New Jobs and Retained Jobs Training Funds.

Any agreement or obligation entered into by the department that was made under the provisions of the Missouri Works Training Program prior to the effective date of this bill shall remain in effect according to the provisions of such agreement or obligation.

The Missouri Works Program offers companies tax credits and the ability to retain withholding taxes for meeting certain job creation thresholds. This bill allows the Department of Economic Development to offer certain companies tax credits in an amount equal to or less than 9% of new payroll if such company creates 10 or more new jobs and the average wage of new payroll equals or exceeds 100% of the county average wage (Section 620.809).

This bill provides new definitions for "manufacturing capital investments," "new product," and "qualified manufacturing company".

Currently, the department shall issue tax credits to a qualified company after such company has met the job creation and county average wage requirements. This bill allows the tax credits authorized under this bill to be issued following the qualified company's acceptance of the department's proposal and the agreement required currently.

The department may award tax credits to a qualified manufacturing company that makes a manufacturing capital investment of at least \$500 million within three years from the execution of the agreement. Such credits must be issued no earlier than January 1, 2023, and may be issued each year for a period of five years. The maximum amount of credits that a qualified manufacturing company may receive must not exceed \$5 million per calendar year. A qualified manufacturing company may qualify for an additional five-

year period if the company makes an additional manufacturing capital investment of at least \$250 million within five years. (Section 620.2010).

In order to receive the tax credit the qualified company must submit a notice of intent and a plan to make good faith efforts to employ, commensurate with the percentage of minority populations in the state, racial minorities, contractors who are racial minorities, and contractors that, in turn, employ at a minimum racial minorities commensurate with the percentage of minority populations in the state. If the qualifying company fails to satisfy part of their notice of intent, the qualifying company shall not receive tax credits (Section 620.2005).

The Missouri Works Program currently has a limit of \$116 million on the amount of tax credits that may be issued during a fiscal year. For all fiscal years beginning on or after July 1, 2020, this bill reduces such limit to \$106 million. This bill allows for the authorization of an additional \$10 million in tax credits provided that such tax credits are authorized for the purpose of the completion of infrastructure projects, as defined in the bill, directly connected with the creation or retention of jobs under the Missouri Works Program. This bill also allows the department reserve up to 21.5% of such limit for tax credits authorized under this bill.

For all fiscal years beginning on or after July 1, 2020, this bill establishes a limit of \$75 million on the total amount of withholding taxes that may be authorized for retention by qualified companies with more than 50 employees. Withholding retention authorized for qualified companies with less than 50 employees shall not be subject to such limitation (Section 620.2020).