

Legislative Report

Brian Grace – MEDC Consultant / February 18, 2010

MORATORIUM ON LOW INCOME HOUSING AND MDFB TAX CREDITS

The Senate Jobs, Economic Development and Local Government Committee held a hearing this week on SB 890, sponsored by Sen. Jason Crowell (R-Cape Girardeau). This bill would prohibit the authorization for issuance of Low Income Housing and Missouri Development Finance Board (MDFB) Infrastructure Development Fund Contribution tax credits for a one-year period beginning on the effective date of the bill. Sen. Crowell stated that it is "insane" that the MDFB approved \$25 million in tax credits in 2008 for the Kansas City Chiefs at a time when the state did not fully fund the school foundation formula. Sen. Crowell also supported his bill by referencing a state audit of the Low Income Housing tax credit that showed that only 35 cents of every dollar issued ends up directly funding low income housing facilities.

There was no support offered other than Sen. Crowell's presentation. Opposition was offered by BKD, LLP, the Missouri Municipal League, the Missouri Workforce Housing Association, the Missouri Association of Realtors, the St. Louis Association of Realtors, the Carpenters' District Councils of Greater St. Louis and Kansas City, Rosemann & Associates, EM Harris Construction Company, Gardner Capital, and an independent electrical contractor and concrete contractor.

SHOW-ME FUND

The Senate Jobs, Economic Development and Local Government Committee held a hearing this week on SBs 911 and 924, sponsored by Senators Charlie Shields (R-St. Joseph) and John Griesheimer (R-Washington), respectively. This bill is a high priority of Senate President Pro Tem Shields. He concluded his remarks by encouraging the committee to quickly assemble an economic development incentive package so he can bring it to the Senate floor for debate.

This bill creates a new type of project under the Quality Jobs Act known as Show-Me Fund projects. Show-Me Fund project benefits will be available for projects which qualify under the Quality Jobs Act and meet certain additional job creation and capital investment requirements. If the Department of Economic Development approves a company for Show-Me Fund benefits the company may receive refundable tax credits equal to the amount of income tax withholdings for new employees of such company over a period of five and twelve years. The act contains provisions allowing for a recapture of tax credits in the event a company should default or fail to comply with performance requirements set by the department. No more than \$60 million in tax credits may be issued annually.

The bill received support from Department of Economic Development Director David Kerr, the Missouri Partnership, the Missouri Chamber of Commerce and Industry, the Missouri Economic Development Council, the Missouri Growth Association, Associated Industries of Missouri, the Greater Kansas City Area Chamber of Commerce, the City of Kansas City, the St. Louis Regional Chamber and Growth Association, the Springfield Area Chamber of Commerce, and the Johnson County Economic Development Corporation. There was no opposition presented. The committee did not take any action on the bill.

MOSIRA

The Senate Jobs, Economic Development and Local Government Committee held a hearing this week on SB 895, sponsored by Sen. Tom Dempsey (R-St. Peters). The Missouri Science and Innovation Reinvestment Act (MOSIRA) is a key component of Governor Nixon's Missouri First Initiative, a comprehensive legislative proposal designed to get Missourians back to work, educate Missourians for the careers of tomorrow and harness innovation and technology to revolutionize government and business.

MOSIRA would create a funding source to spark growth in research and technology enterprises by capturing a small percentage of the growth in state revenue over a base year from a designated group of Missouri science and innovation companies. The monies would then be transferred into the Missouri Technology Investment Fund. The Missouri Technology Corporation will administer the funding created by MOSIRA and reinvest it to generate further economic growth in the science and innovation industry sectors, with emphasis on biotechnology and life sciences. Funding will be reinvested in a wide range of programs designed to:

Attract top science talent to Missouri; .Commercialize scientific research to create new Missouri-based technology companies; .Recruit and build strategic science infrastructure; .Create a continuum of capital programs to increase access to risk capital for early-stage technology companies created in or recruited to Missouri; .Increase technology-focused entrepreneurial activity in Missouri; and .Establish highly-focused workplace development initiatives.

The bill received support from the Kansas City Area Life Science Institute, the Missouri Biotechnology Association, the Missouri Technology Corporation, the Department of Economic Development, the National Biotechnology Industry Association, the Coalition for Plant and Life Sciences, Monsanto, Novaprep, technology entrepreneur Richard LaBrash, the Center for Emerging Technologies, Missouri State University, the Missouri Soybean Association, the Missouri Growth Association, the Missouri Economic Development Council, the Missouri Chamber of Commerce and Industry, the St. Louis Regional Chamber and Growth Association, the Greater Kansas City Area Chamber of Commerce, the Civic Council of Greater Kansas City, the City of Kansas City, Kansas City Power & Light, and the Springfield Area Chamber of Commerce.

Missouri Right to Life testified in opposition to the bill because, as currently written, it does not prohibit companies conducting embryonic stem-cell research from utilizing incentives. MRL presented the committee with suggested language that would prohibit this possibility. The committee did not take any action on the bill.

MISSOURI JOBS FOR THE FUTURE

The Senate Jobs, Economic Development and Local Government Committee held a hearing this week on SB 922, sponsored by Sen. Victor Callahan (D-Independence). This bill, titled "Missouri Jobs for the Future", would allow municipalities to collaborate with a college or university to create tax increment financing-like districts for the establishment of high-tech industrial parks. Sen. Callahan marketed this bill as a complement to the MOSIRA legislation.

The bill received support from the Blue Springs Economic Development Corporation, the City of Blue Springs, the City of Rolla, the City of Parkville, Jackson County, the Platte County Economic Development Corporation, the Missouri Economic Development Council, the Missouri Growth Association, Associated Industries of Missouri, the Missouri Chamber of Commerce and Industry, Greater Kansas City Area Chamber of Commerce, the Partnership for Community Growth and Development, Metropolitan Community College, and Kansas City Power & Light.

Similar to their testimony on the MOSIRA legislation, Missouri Right to Life testified in opposition to the bill because, as currently written, it does not prohibit companies conducting embryonic stem-cell research from utilizing incentives. MRL presented the committee with suggested language that would prohibit this possibility. The committee did not take any action on the bill.

MANUFACTURING JOBS ACT

This week the House debated and voted 134-17 to approve HB 1675, sponsored by Rep. Jerry Nolte (R-Gladstone). This bill, titled the "Manufacturing Jobs Act", establishes incentives for qualified suppliers or manufacturing facilities that create or retain Missouri jobs. This bill is

progressing as an attempt to encourage the Ford Motor Company to add a new vehicle line to their assembly facility in Claycomo, Missouri when the existing generation of Ford Escapes cease production. The legislation is written in a manner that would allow its use throughout Missouri.