

Annual Report

2015



Tax Credit Accountability Report

Annual Status Report of Development Programs

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INTRODUCTION

In 2004, the legislature passed the “Tax Credit Accountability Act”. The statute, RSMo 620.017.4., requires that the Department of Economic Development prepare an annual report regarding all economic incentives administered in the previous calendar year and submit the report to the Governor, President Pro Tem of the Senate, and the Speaker of the House of Representatives.

The annual report must include the following information:

- The distribution of economic incentives by type and public purpose. In the statute, RSMo 135.800, all tax credits are grouped into a category, or type, based on their public purpose. This section of the report reflects the distribution of incentives by those categories, which are as follows:
 - Agricultural
 - Environmental
 - Entrepreneurial
 - Domestic and Social
 - Housing
 - Redevelopment
 - Training and Education
 - Business Recruitment
 - Community Development
- The total amount of economic incentives awarded by industry. All incentives issued to organizations or businesses are broken down by North American Industry Classification System (NAICS) Codes.
- The distribution of economic incentives by the size of all business recipients. All incentives issued to businesses only are broken down by business size categories of less than 100 employees, 100-500 employees, and greater than 500 employees.
- A summary of jobs created as reported annually.
- A reporting of any legal action taken by the department or the state with any parties which have failed to comply with a contract or agreement pursuant to this section.

All economic incentives are reported by the amount that has been issued to the taxpayer in the calendar year. Issuance of a tax credit indicates that the Department of Economic Development has determined it meets eligibility criteria and has proof that the organization or company has met the program requirements. Tax credits are issued using a certificate which may be attached to a state tax filing for redemption through the Department of Revenue.

The information is collected through the application and review process. RSMo 135.802 requires that all applications include:

- Name, address, contact and phone number for the applicant.
- Taxpayer type
- Standard industry code (The NAICS system has replaced the Standard Industry Code system for identifying industries at the federal level.)
- Program name and type of any other tax credits (state or federal) that are being utilized for the same activity or project.



DED INCENTIVES REPORTED BY CATEGORY

January 1, 2014 to December 31, 2014

Category Type and Program	Total Amount Issued in CY 2014
Agricultural	
Wine and Grape	\$ 24,606.48
Missouri Rural Economic Stimulus Act**	\$ -
Total Agricultural	\$ 24,606.48
Environmental	
Charcoal Producers	\$ -
Total Environmental	\$ -
Entrepreneurial	
Loan Guarantee Fee	\$ -
Certified Capital Companies	\$ -
Business Incubator	\$ 122,421.47
Urban Enterprise Loan**	\$ 100,000.00
Seed Capital	\$ -
Capital SBIC	\$ -
New Enterprise Creation	\$ -
Research	\$ -
Total Entrepreneurial	\$ 222,421.47
Domestic and Social	
Youth Opportunities Program	\$ 6,062,575.00
Total Domestic and Social	\$ 6,062,575.00
Housing*	
Neighborhood Preservation	\$ 2,679,603.20
Total Housing	\$ 2,679,603.20
Redevelopment	
Brownfield Remediation	\$ 3,374,818.65
Brownfield Jobs and Investment	\$ 197,740.00
Brownfield Demolition	\$ -
Distressed Areas Land Assemblage	\$ -
Historic Preservation	\$ 50,442,687.85
Community Development Corporation Grant**	\$ -
Community Bank	\$ -
State Tax Increment Financing**	\$ 10,453,871.00
Missouri Downtown Economic Stimulus Act**	\$ 532,021.00
Downtown Preservation**	\$ -
Total Redevelopment	\$ 65,001,138.50

DED INCENTIVES REPORTED BY CATEGORY CONTINUED

Training and Education

Missouri Works New Jobs Training Program**	\$ 2,829,479.00
Missouri Works Retained Jobs Training Program**	\$ 11,327,379.00
Missouri Works Customized Training Program**	\$ 13,239,328.73
Total Training and Education	\$ 27,396,186.73

Business Recruitment

Business Facility	\$ 6,102,658.00
Enhanced Enterprise Zone	\$ 7,550,086.22
Enterprise Zone	\$ -
Development Tax Credit	\$ 2,169,241.42
Rebuilding Communities	\$ 1,873,110.84
Film Production	\$ 2,773,097.38
Manufacturing Jobs**	\$ 16,379,189.41
Missouri Quality Jobs	\$ 51,238,124.66
Missouri Works	\$ 756,153.46
Total Business Recruitment	\$ 88,841,661.39

Community Development

Transportation Development	\$ -
Neighborhood Assistance	\$ 11,598,309.00
Family Development Account	\$ -
Dry Fire Hydrant	\$ -
Total Community Development	\$ 11,598,309.00

Other

Amateur Sporting Contribution	\$ -
Amateur Sporting Ticket Sales	\$ -
Total Other	\$ -

TOTAL--ALL DED STATE INCENTIVES **\$ 201,826,501.77**

**By Statute, this report does not include Low-Income Housing Tax Credits.*

***These programs are not tax credit programs.*



DED INCENTIVES REPORTED BY INDUSTRY*

January 1, 2014 to December 31, 2014

NAICS Description	Amount
11 Agriculture, forestry, fishing and hunting	\$ 337,212.00
21 Mining	\$ -
22 Utilities	\$ -
23 Construction	\$ 5,201,000.26
31-33 Manufacturing	\$ 28,125,735.98
42 Wholesale Trade	\$ 5,027,487.78
44-45 Retail Trade	\$ 94,226.11
48-49 Transportation	\$ 1,201,685.27
51 Information	\$ 2,547,001.77
52 Finance and Insurance	\$ 10,872,034.98
53 Real Estate and rental and leasing	\$ 44,520,193.71
54 Professional and technical services	\$ 29,451,734.59
55 Management of companies and enterprises	\$ 6,384,861.02
56 Administrative and waste services	\$ 2,193,127.34
61 Educational services	\$ 788,447.00
62 Health care and social assistance	\$ 11,875,212.30
71 Arts, entertainment, and recreation	\$ 3,356,824.38
72 Accommodation and food services	\$ 3,115,195.04
81 Other services, except public administration	\$ 3,058,178.00
92 Public Administration	\$ 1,189,879.01
Unclassified	\$ 1,436,409.00
GRAND TOTAL	\$ 160,776,445.54

* Industries are represented by standard "NAICS" codes (North American Industry Classification System).

Note: Benefits issued to individuals or community colleges are not considered in this report.

DED INCENTIVES REPORTED BY BUSINESS SIZE

January 1, 2014 to December 31, 2014

Business Size	Less than 100	100-500	>500
Applicable Programs Reporting:			
Amateur Sporting Contribution	\$ -	\$ -	\$ -
Amateur Sporting Ticket Sales	\$ -	\$ -	\$ -
Brownfield Demolition	\$ -	\$ -	\$ -
Brownfield Jobs and Investment	\$ 197,740.00	\$ -	\$ -
Brownfield Remediation	\$ 1,941,917.33	\$ 317,851.31	\$ -
Business Facility	\$ 81,059.00	\$ 24,233.00	\$ 5,997,366.00
Business Incubator	\$ 122,421.47	\$ -	\$ -
Capital SBIC	\$ -	\$ -	\$ -
Certified Capital Companies	\$ -	\$ -	\$ -
Charcoal Producers	\$ -	\$ -	\$ -
Community Bank	\$ -	\$ -	\$ -
Development Tax Credit	\$ 172,400.00	\$ -	\$ 1,996,841.42
Distressed Areas Land Assemblage	\$ -	\$ -	\$ -
Enhanced Enterprise Zone	\$ 3,079,833.98	\$ 2,956,497.78	\$ 1,513,754.46
Enterprise Zone	\$ -	\$ -	\$ -
Family Development Account	\$ -	\$ -	\$ -
Film Production	\$ 25,000.00	\$ 2,748,097.38	\$ -
Historic Preservation (Developers Only)	\$ 48,570,635.46	\$ -	\$ -
Loan Guarantee Fee	\$ -	\$ -	\$ -
Missouri Manufacturing Jobs*	\$ -	\$ 50,379.00	\$16,328,810.41
Missouri Quality Jobs	\$ 10,351,650.28	\$ 9,290,579.47	\$31,595,894.91
Missouri Works	\$ 579,281.00	\$ 176,872.46	\$ -
Neighborhood Assistance	\$ 9,197,427.00	\$ 1,987,909.00	\$ 412,973.00
Neighborhood Preservation (Developers Only)	\$ 2,024,312.18	\$ -	\$ -
New Enterprise Creation	\$ -	\$ -	\$ -
Rebuilding Communities	\$ 1,734,694.62	\$ -	\$ -
Research	\$ -	\$ -	\$ -
Seed Capital	\$ -	\$ -	\$ -
Transportation Development	\$ -	\$ -	\$ -
Urban Enterprise Loan	\$ 100,000.00	\$ -	\$ -
Wine and Grape (Businesses Only)	\$ 22,388.61	\$ -	\$ -
Youth Opportunities Program	\$ 3,909,441.00	\$ 2,004,865.00	\$ 148,269.00
TOTAL	\$ 82,110,201.93	\$ 19,557,284.40	\$ 57,993,909.20

Note: Benefits issued to individuals, community colleges or units of government are not considered in this report.

***These programs are not tax credit programs.**

JOBS REPORTING FOR ACCOUNTABILITY ACT

for period July 1, 2012-June 30,2013

(135.805.1. RSMo requires the reporting of “actual number of jobs created as a result of the tax credits, at the location on the last day of the annual reporting period...” Reported below are the created jobs as self-reported by the companies through Accountability Reports due June 30, 2014.)

Program	Jobs as Reported to Department of Revenue		Jobs as Confirmed with Companies by DED	
	Full Time Jobs Reported	Part time Jobs Reported	Full Time Jobs Reported	Part time Jobs
Reported				
Amateur Sporting Contribution	-	-	-	-
Amateur Sporting Ticket Sales	-	-	-	-
Brownfield Demolition	-	-	-	-
Brownfield Jobs and Investment	184	45	-	-
Brownfield Remediation	1,415	280	331	26
Business Facility	3,930	9	1,079	9
Business Incubator	186	132	186	132
Capital SBIC	-	-	-	-
Certified Capital Companies	-	-	-	-
Community Bank	-	-	-	-
Development Tax Credit*	117,988	400	192	-
Distressed Areas Land Assemblage	6	-	6	-
Dry Fire Hydrant	-	-	-	-
Enhanced Enterprise Zone*	43,099	283	1,203	74
Enterprise Zone*	44	4	44	4
Family Development Account	-	-	-	-
Film Production	-	-	-	-
Historic Preservation (Developers Only)	3,025	1,444	3,025	1,444
Loan Guarantee Fee	-	-	-	-
Missouri Quality Jobs	40,437	3,408	2,972	223
Missouri Works	-	-	-	-
Neighborhood Assistance*	554	259	170	219
Neighborhood Preservation (Developers Only)	113	28	113	28
New Enterprise Creation	-	-	-	-
Rebuilding Communities	573	450	95	98
Research	-	-	-	-
Seed Capital	-	-	-	-
Transportation Development	-	-	-	-
Wine and Grape (Businesses Only)	15	21	15	21
Totals	211,569	6,763	9,431	2,278

Note 1: These job numbers may not reflect the total projected for the projects. The job numbers also may not reflect the number of jobs for which benefits were issued due to timing, documentation, program definitions of "new job", etc. The benefits in many cases are issued over several years and companies report jobs each year for purposes of receiving the benefits.

Note 2: In reviewing the data submitted to the Department of Revenue by companies through the Accountability Report, the Department of Economic Development identified a possible issue with the data. It appeared that many companies had reported cumulative numbers by month. When running the reports the numbers came out excessively high. DED called companies, as well used other reports from the companies that had been previously verified to get more accurate data to report.

**Some companies selected a different "program name" than they actually participated in, so DED has assigned the appropriate job number to the correct programs.*

CY 2014 LEGAL ACTIONS

Actions are based on entities failure to comply with an incentive contract or agreement.

Program	Applicant	Issue	Action
Historic Preservation Tax Credit Program, Sections 253.545 to 253.559, RSMo	3540 Washington Ave., LLC	Applicant did not submit proof of payment of accrued development fees, upon which tax credits were issued	Sent legal demand letter and referred to AGO
Historic Preservation Tax Credit Program, Sections 253.545 to 253.559, RSMo	920/1000, LLC	Failed to pay developer fee	Company failed to agree to repayment plan and can no longer be contacted. Pursuing.
Neighborhood Assistance Program § 32.100 - 32.125, RSMo	Blue Ryno	Applicant breached the terms of the agreement by failing to file a quarterly report or a final project report.	With assistance of AGO, settled case for \$15,000. Applicant agreed to surrender property but no public or private entity could be found to accept it.
Community Development Block Grant, The Housing and Community Development Act of 1974 (Public Law 93-383), as amended	Carbolytic Materials	Action Fund Loan- Applicant breached the terms of their agreement.	Referral made to AGO and it is currently under review
Historic Preservation Tax Credit Program, Sections 253.545 to 253.559, RSMo	Clubhouse Partners, LP	Accrual was overdue	Referred to AGO
Small Business Loan, Missouri Development Finance Board Act, Sections 100.250 to 100.297, RSMo	Daniels & Daniels, LLC	Company defaulted on loan by failing to make scheduled payments	Referred to AGO
Community Development Block Grant, The Housing and Community Development Act of 1974 (Public Law 93-383), as amended	Defbar Systems, LLC	Applicant failed to make timely payments on a Community Development Block Grant Action Fund Loan.	Sent notice of default and referred to AGO
Small Business Loan, Missouri Development Finance Board Act, Sections 100.250 to 100.297, RSMo	Dive Stop LLC	Applicant breached a promissory note and security agreement by failing to make payments.	Referral made to AGO and they are currently drafting a Petition

Program	Applicant	Issue	Action
Community Development Block Grant, The Housing and Community Development Act of 1974 (Public Law 93-383), as amended	Excelsior Springs Bottling Company	Applicant failed to make timely payments on a Community Development Block Grant Action Fund Loan.	Sent notice of default and referred to AGO
Missouri Customized Training Program- Division of Workforce Development	Furniture Brands Inc.	Applicant has stated that they intend to breach the terms of the agreement by transferring the program funded jobs out of country	Referral made to AGO and for action in Furniture Brands' bankruptcy
Small Business Loan, Missouri Development Finance Board Act, Sections 100.250 to 100.297, RSMo	Gala Event Center, LLC	Applicant breached promissory note and security agreement.	AGO is currently considering action in the Bankruptcy
Historic Preservation Tax Credit Program, Sections 253.545 to 253.559, RSMo	Group Five Developers, Inc.	Applicant did not submit proof of payment of accrued development fees, upon which tax credits were issued	Sent legal demand letter and referred to AGO
Historic Preservation Tax Credit Program, Sections 253.545 to 253.559, RSMo	Haden Property Investment Group, LLC #1	Failed to pay developer fee	Referred to AGO
Historic Preservation Tax Credit Program, Sections 253.545 to 253.559, RSMo	Hartley's Appliance & Furniture, Inc. (log #'s 49855-49857)	Accrual was overdue	Referred to AGO
Historic Preservation Tax Credit Program, Sections 253.545 to 253.559, RSMo	Louderman, LLC	Failed to pay developer fee	Referring to AGO
Historic Preservation Tax Credit Program, Sections 253.545 to 253.559, RSMo	Marquette Office Building, LLC	Accrual was overdue	Referred to AGO
Community Development Block Grant, The Housing and Community Development Act of 1974 (Public Law 93-383), as amended	Morrison Marketing Group d/b/a Tag Team Uniforms	Applicant failed to make timely payments on a Community Development Block Grant Action Fund Loan.	Sent notice of default and referred to AGO



Program	Applicant	Issue	Action
Historic Preservation Tax Credit Program, Sections 253.545 to 253.559, RSMo	Neosho Historic Office Building, LLC	Accrual was overdue	Referred to AGO
Missouri Customized Training and Program- Division of Workforce Development	Nordyne	Applicant has stated that they intend to breach the terms of the agreement by transferring the program funded jobs out of country	Referral made to AGO it is currently under review
Community Development Block Grant, The Housing and Community Development Act of 1974 (Public Law 93-383), as amended New Jobs Training”	Renaissance Aircraft	Applicant breach the terms of their agreement by failing to repay the loan, create the required jobs, and repay its infrastructure grant	In litigation
Small Business Loan, Missouri Development Finance Board Act, Sections 100.250 to 100.297, RSMo	Ribeye and Roper	Applicant breached a promissory note and security agreement by failing to make payments.	Referral made to AGO Settlement negotiations ongoing.
Historic Preservation Tax Credit Program, Sections 253.545 to 253.559, RSMo	Rudman Building Apartments, L.P	Accrual was overdue	Referred to AGO
Community Development Block Grant, The Housing and Community Development Act of 1974 (Public Law 93-383),	Tropical Illusion	Action Fund Loan- Applicant breached the terms of their agreement.	AGO is engaged in collection efforts on Consent Judgment as amended
Historic Preservation Tax Credit Program, Sections 253.545 to 253.559, RSMo	Watkins Investment Group, LLC	Applicant did not submit proof of payment of accrued development fees, upon which tax credits were issued	Sent legal demand letter
Missouri Development Finance Board. (100.250 to 100.297 RSMo and 100.700 to 100.850 RSMo)	Vespa of KC, Inc.	Breach of promissory note and agreements	Referred to AGO, litigation pending

