

M I S S O U R I

Department of Economic Development

2017 ANNUAL REPORT

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, 2016 to December 31, 2016

Category Type and Program	Total Amount Issued in CY 2016
Agricultural	
Wine and Grape	\$ 24,333.04
Missouri Rural Economic Stimulus Act**	\$ -
Total Agricultural	\$ 24,333.04
Environmental	
Charcoal Producers	\$ -
Total Environmental	\$ -
Entrepreneurial	
Loan Guarantee Fee	\$ -
Certified Capital Companies	\$ -
Business Incubator	\$ 226,015.28
Urban Enterprise Loan**	\$ -
Seed Capital	\$ -
Capital SBIC	\$ -
New Enterprise Creation	\$ -
Research	\$ -
Total Entrepreneurial	\$ 226,015.28
Domestic and Social	
Youth Opportunities Program	\$ 5,923,157.00
Total Domestic and Social	\$ 5,923,157.00
Housing*	
Neighborhood Preservation	\$ 2,532,147.82
Total Housing	\$ 2,532,147.82
Redevelopment	
Brownfield Remediation	\$ 1,038,213.70
Brownfield Jobs and Investment	\$ -
Brownfield Demolition	\$ -
Distressed Areas Land Assemblage	\$ -
Historic Preservation	\$ 78,765,466.15
Community Development Corporation Grant**	\$ -
Community Bank	\$ -
State Tax Increment Financing**	\$ 16,687,547.24
Missouri Downtown Economic Stimulus Act**	\$ 1,287,081.36
Downtown Preservation **	\$ -
Total Redevelopment	\$ 97,778,308.45

Category Type and Program	Total Amount Issued in CY 2016
Training and Education	
Missouri Works New Jobs Training Program**	\$ 3,980,760.00
Missouri Works Retained Jobs Training Program **	\$ 7,691,650.00
Missouri Works Customized Training Program**	\$ 11,970,966.18
Total Training and Education	\$ 23,643,376.18
Business Recruitment	
Business Facility	\$ 4,536,375.00
Enhanced Enterprise Zone	\$ 6,767,878.13
Enterprise Zone	\$ -
Development Tax Credit	\$ -
Rebuilding Communities	\$ 414,827.58
Film Production	\$ -
Manufacturing Jobs**	\$ 16,599,040.00
Missouri Quality Jobs	\$ 65,665,194.53
Missouri Works	\$ 30,394,717.35
Total Business Recruitment	\$ 124,378,032.59
Community Development	
Transportation Development	\$ -
Neighborhood Assistance	\$ 14,749,020.00
Family Development Account	\$ -
Dry Fire Hydrant	\$ -
Total Community Development	\$ 14,749,020.00
Other	
Amateur Sporting Contribution	\$ 20,500.00
Amateur Sporting Ticket Sales	\$ 671,035.00
Total Other	\$ 691,535.00
TOTAL--ALL DED STATE INCENTIVES	\$ 269,945,925.36

*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, 2016 to December 31, 2016

NAICS	Description	Amount
11	Agriculture, forestry, fishing and hunting	\$ -
21	Mining	\$ -
22	Utilities	\$ -
23	Construction	\$ 2,453,143.45
31-33	Manufacturing	\$ 49,039,263.56
42	Wholesale Trade	\$ 8,916,770.80
44-45	Retail Trade	\$ -
48-49	Transportation	\$ 1,180,040.45
51	Information	\$ (827,360.05)
52	Finance and Insurance	\$ 18,512,732.85
53	Real Estate and rental and leasing	\$ 75,067,835.97
54	Professional and technical services	\$ 33,515,174.24
55	Management of companies and enterprises	\$ 10,128,413.47
56	Administrative and waste services	\$ 2,525,819.99
61	Educational services	\$ 1,267,798.00
62	Health care and social assistance	\$ 15,371,130.89
71	Arts, entertainment, and recreation	\$ 1,740,982.00
72	Accommodation and food services	\$ 3,960,279.16
81	Other services, except public administration	\$ 2,102,695.00
92	Public Administration	\$ 275,825.00
	Unclassified	\$ 866,174.00

GRAND TOTAL

\$ 226,096,718.78

* 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, 2016 to December 31, 2016

Business Size		< 100	100 - 500	>500
Applicable Programs Reporting:				
Amateur Sporting Contribution	\$	-	\$ -	\$ -
Amateur Sporting Ticket Sales	\$	633,410.00	\$ -	\$ -
Brownfield Demolition	\$	-	\$ -	\$ -
Brownfield Jobs and Investment	\$	-	\$ -	\$ -
Brownfield Remediation	\$	161,669.96	\$ 812,043.74	\$ -
Business Facility	\$	-	\$ 18,917.00	\$ 4,517,458.00
Business Incubator	\$	226,015.28	\$ -	\$ -
Capital SBIC	\$	-	\$ -	\$ -
Certified Capital Companies	\$	-	\$ -	\$ -
Charcoal Producers	\$	-	\$ -	\$ -
Community Bank	\$	-	\$ -	\$ -
Development Tax Credit	\$	-	\$ -	\$ -
Distressed Areas Land Assemblage	\$	-	\$ -	\$ -
Enhanced Enterprise Zone	\$	2,574,057.16	\$ 3,679,535.71	\$ 514,285.26
Enterprise Zone	\$	-	\$ -	\$ -
Family Development Account	\$	-	\$ -	\$ -
Film Production	\$	-	\$ -	\$ -
Historic Preservation (Developers Only)	\$	76,575,332.93	\$ -	\$ -
Loan Guarantee Fee	\$	-	\$ -	\$ -
Missouri Manufacturing Jobs	\$	-	\$ 533,472.00	\$ 16,065,568.00
Missouri Quality Jobs	\$	13,758,463.32	\$ 6,511,860.44	\$ 45,394,870.77
Missouri Works	\$	6,914,241.74	\$ 2,565,521.59	\$ 20,914,954.02
Neighborhood Assistance	\$	11,542,363.00	\$ 2,562,493.00	\$ 644,164.00
Neighborhood Preservation (Developers Only)	\$	2,532,147.82	\$ -	\$ -
New Enterprise Creation	\$	-	\$ -	\$ -
Rebuilding Communities	\$	396,194.06	\$ -	\$ -
Research	\$	-	\$ -	\$ -
Seed Capital	\$	-	\$ -	\$ -
Transportation Development	\$	-	\$ -	\$ -
Urban Enterprise Loan	\$	-	\$ -	\$ -
Wine and Grape (Businesses Only)	\$	22,397.98	\$ -	\$ -
Youth Opportunities Program	\$	3,821,748.00	\$ 1,740,533.00	\$ 360,876.00
TOTALS	\$	119,158,041.25	\$ 18,424,376.48	\$ 88,412,176.05

*These programs are not tax credit programs.

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

Jobs Reporting for Accountability Act

July 1, 2014-June 30,2015

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 to Department of Revenue through Accountability Reports due June 30, 2016.

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	-	-	-	-
Brownfield Remediation	64	13	64	13
Business Facility	453	1	453	1
Business Incubator	140	30	140	30
Capital SBIC	-	-	-	-
Certified Capital Companies	-	-	-	-
Community Bank	-	-	-	-
Development Tax Credit*	785	42	785	42
Distressed Areas Land Assemblage	150	-	-	-
Dry Fire Hydrant	-	-	-	-
Enhanced Enterprise Zone*	7,222	423	1,418	398
Enterprise Zone*	32	-	-	-
Family Development Account	-	-	-	-
Film Production	-	-	-	-
Historic Preservation (Developers Only)	327	266	241	158
Loan Guarantee Fee	-	-	-	-
Missouri Quality Jobs	4,485	66	2,620	66
Missouri Works	-	-	-	-
Neighborhood Assistance*	295	76	95	78
Neighborhood Preservation (Developers Only)	28	29	13	12
New Enterprise Creation	-	-	-	-
Rebuilding Communities	227	275	107	23
Research	-	-	-	-
Seed Capital	-	-	-	-
Transportation Development	-	-	-	-
Wine and Grape (Businesses Only)	-	3	-	3
Totals	14,208	1,224	5,936	824

Jobs Reporting Notes

The following are notes regarding the job numbers on the previous page.

Note 1: These jobs are number of jobs created during this period after issuance as a result of the tax credits. These job numbers will not reflect the total projected for the projects. The job numbers also will 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 some 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 numbers to the correct programs.**

CY 2016 Legal Actions

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

Applicant	Division/Program	Case Type	Action
BiltBest Products, Inc.	Business Community Services- Community Development Block Grant	Action Fund Loan- Applicant breached the terms of their agreement.	Summary Judgment obtained against the company (defunct) and two guarantors. Attempting collection but guarantors reside out of state (probably Tennessee).
L & K Truss	Business Community Services- Community Development Block Grant	Action Fund Loan- Applicant breached the terms of their agreement.	Individual guarantors discharged in bankruptcy and we will have to dismiss them. The Corporate entity has no assets. AGO recommends dismissing, DED ok with dismissing.
Renaissance Aircraft	Business Community Services- Community Development Block Grant	Applicant breached the terms of their agreement by failing to repay the loan, create the required jobs, and repay its infrastructure grant. Individuals signed a personal guaranty.	Dismissed Defendant Linda Hellman. Have default judgment against company and president John Dearden. Post-judgment unit trying to collect.
Clark City Ventures II, LLC	Business Community Services-Historic Tax Credit	Didn't pay developer fee.	Entered into a Recapture Agreement with DED on 3/12/2014 and it will last for 5 years. Payments began on 4/15/2014 and subsequent payments have been timely, as agreed. Last payment will be \$1,525 on 4/15/2018, assuming they don't pay it off early.
920/1000, LLC	Business Community Services-Historic Tax Credit	Didn't pay developer fee.	Pre-referral
Louderman, LLC	Business Community Services-Historic Tax Credit	Didn't pay developer fee.	Pre-referral
920/1000, LLC	Business Community Services-Historic Tax Credit	Didn't pay developer fee.	Pre-referral
Marquette Office Building, LLC	Business Community Services-Historic Tax Credit	Accrual was overdue	Pre-referral

Applicant	Division/Program	Case Type	Action
Rudman Building Apartments, L.P	Business Community Services-Historic Tax Credit	Accrual was overdue	Referred to AGO on or about June 9 , 2014.
Clubhouse Partners, LP	Business Community Services-Historic Tax Credit	Accrual was overdue	Referred to AGO on or about June 9 , 2014.
Hartley's Appliance & Furniture, Inc. (log #'s 49855-49857)	Business Community Services-Historic Tax Credit	Accrual was overdue	Referred to AGO on or about June 9 , 2014.
Haden Property Investment Group, LLC #1	Business Community Services-Historic Tax Credit	Accrual was overdue	Referred to AGO on or about June 9 , 2014.
3540 Washington Ave. LLC	Business Community Services-Historic Tax Credit	Didn't pay developer fee.	Referred to AGO.
Group Five Developers, Inc.	Business Community Services-Historic Tax Credit	Didn't pay developer fee.	Referred to AGO.
Neosho Historic Office Building, LLC	Business Community Services-Historic Tax Credit	Accrual was overdue	Referred to AGO on or about June 9 , 2014.
Cromwell Lofts, LLC	Business Community Services-Historic Tax Credit	Accrual was overdue	Referred to AGO.
Carbolytic Materials	Business Community Services- Community Development Block Grant	Action Fund Loan- Applicant breached the terms of their agreement.	Referral made to AGO. They are waiting for actual breach before filing.
Watkins Investement Group, LLC	Business Community Services - Historic Tax Credit	Accrual was overdue	Need to refer to AGO
Blue Ryno	BCS - Neighborhood Assistance Program	Breach of agreement	AGO settled for \$15K.
Defbar Systems, LLC	CDBG	Breach of agreement	Referred to AGO. Applicant failed to make timely payments on CDBG action fund loan
Excelsior Springs Bottling Company	CDBG	Breach of agreement	Applicant failed to make timely payments.
Intrinsic Audio Solutions, Inc.	CDBG	Breach of agreement	Applicant failed to make timely payments.
Morrison Marketing Group d/b/a Tag Team Uniforms	CDBG	Breach of agreement	Applicant failed to make timely payments.

Applicant	Division/Program	Case Type	Action
Tropical Illusion	CDBG	Action Fund Loan- Applicant breached the terms of their agreement.	Referred to AGO. Applicant failed to make timely payments on CDBG action fund loan. Ago is working on collection after consent judgment.
Cerner, Inc.	Mo Quality Jobs	Mandamus Directed to DED Regarding Calculation of Benefits under Missouri Quality Jobs Tax Credit Program	Action by Cerner against DED. Referred to AGO litigation division
Sungevity	BCS/ MOWorks	Bankruptcy	Referred to AGO. Bankruptcy case proceeding.
Furniture Brands Inc.	Division of Workforce Development -Missouri Customized Training Program	Bankruptcy: Recipient intends to breach the terms of the agreement by transferring the program funded jobs out of country.	Out of time to file bankruptcy claim.
Kraft Foods Group	Division of Workforce Development -Missouri Customized Training Program	Recipient intends to breach the terms of the agreement by transferring the program funded jobs out of Missouri.	On hold.
Nordyne	Division of Workforce Development -Missouri Customized Training Program	Recipient intends to breach the terms of the agreement by transferring the program funded jobs out of country.	Referral made to AGO.