

## TAX CREDIT ANALYSIS

<b>Program Name:</b> Development Tax Credit (DTC)	
<b>Department:</b> Economic Development	<b>Contact Name &amp; No.:</b> Brenda Horstman 751-3713
<b>Program Category:</b> Business Recruitment	<b>Type:</b> Tax Credit <input checked="" type="checkbox"/> Other (specify) _____
<b>Statutory Authority:</b> 32.100 to 32.125, RSMo	<b>Applicable Taxes:</b> Income tax, Corporate franchise tax, Bank tax, Insurance premium tax, Other financial Institutions tax, Express company tax
<b>Program Description and Eligibility Requirements:</b> Donations must be made to a non-profit corporation; specified number of jobs must be created within 2 years and maintained for 5 years; application must have the local agency's endorsement; project must be located in a distressed or blighted area; and, the benefiting business must be a for-profit business.	
<b>Explanation of How Award is Computed:</b> Entitlement _____ Discretionary <input checked="" type="checkbox"/> The tax credit is equal to 50% of a contribution made to a non-profit corporation. The non-profit uses the contributed funds to purchase assets that would be leased to an approved business.	

**Program Cap:** Cumulative \$ \_\_\_\_\_ (remainder of cumulative cap) \$ \_\_\_\_\_ Annual \$ 6 million  None \_\_\_\_\_

**Explanation of cap:** Credits may not exceed \$4 million for any one fiscal year, except that for fiscal years 2005, 2006 and 2007 credits shall not exceed \$6 million per fiscal year. SB 1155 (2004). Effective August 28, 2008, the cap is \$6 million.

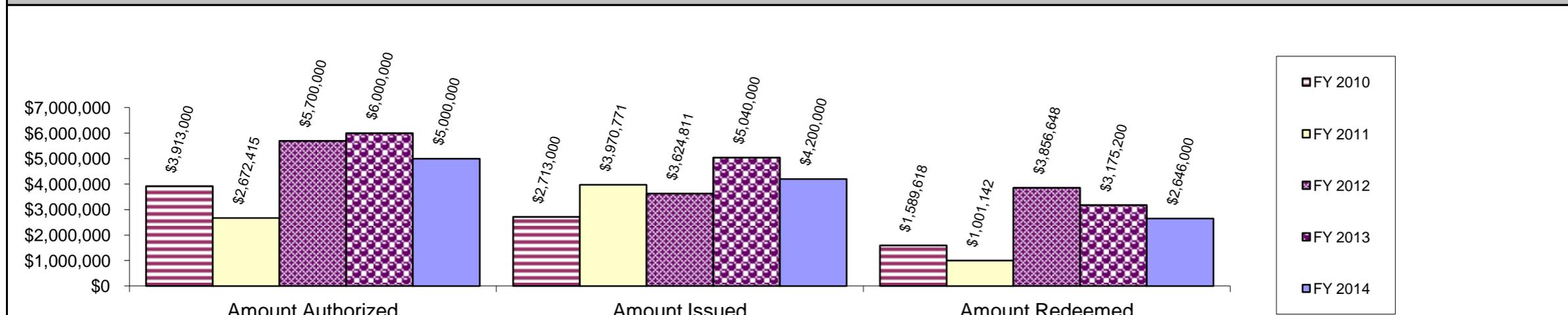
**Explanation of Expiration of Authority:**

**Specific Provisions:** (if applicable)  
Carry forward  5 years Carry Back \_\_\_\_\_ years Refundable \_\_\_\_\_ Sellable/Assignable  Additional Federal Deductions Available \_\_\_\_\_

**Comments on Specific Provisions:**

	FY 2010 ACTUAL	FY 2011 ACTUAL	FY 2012 ACTUAL	FY 2013 (Current Year)	FY 2014 (Budget Year)
Certificates Issued (#)	4	8	9	10	10
Projects (#)	6	6	7	8	8
Amount Authorized	\$3,913,000	\$2,672,415	\$5,700,000	\$6,000,000	\$5,000,000
Amount Issued	\$2,713,000	\$3,970,771	\$3,624,811	\$5,040,000	\$4,200,000
Amount Redeemed	\$1,589,618	\$1,001,142	\$3,856,648	\$3,175,200	\$2,646,000
EST. Amount Outstanding	N/A	N/A	\$5,255,431	N/A	N/A
EST. Amount Authorized but Unissued	N/A	N/A	\$4,093,833	N/A	N/A

### HISTORICAL AND PROJECTED INFORMATION



**Comments on Historical and Projected Information:** The cap for the Development Tax Credit program is tracked through a spreadsheet that includes all proposals and approved projects. Authorizations are only reported on this form once a project has completed all paperwork and has signed agreements with DED to create jobs/investment. Reported authorizations may lag in fiscal year vs the fiscal year for which they are counted against the cap.

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### BENEFIT: COST ANALYSIS (includes only state revenue impacts)

	FY 2012 ACTUAL	Other Fiscal Period (10 years)
<b>BENEFITS</b>		
Direct Fiscal Benefits	\$2,436,279	\$17,329,514
Indirect Fiscal Benefits	\$802,755	\$5,710,079
<b>Total</b>	<b>\$3,239,034</b>	<b>\$23,039,593</b>
<b>COSTS</b>		
Direct Fiscal Costs	\$950,000	\$5,441,792
Indirect Fiscal Costs	\$0	\$0
<b>Total</b>	<b>\$950,000</b>	<b>\$5,441,792</b>
<b>BENEFIT: COST</b>	<b>3.41</b>	<b>4.23</b>

**Investment:** (a) \$11.4 million in Durable Equipment Demand in 2012.  
**Employment:** (a) 442 jobs in Manufacturing, Securities/Investments, Insurance, and Professional/Technical/Scientific Services at average wage rates in 2012-2021; (b) 4,494 retained jobs in Manufacturing and Securities/Investments industries at average wage rates in 2012-2021.  
**Other Assumptions:** (a) real wage growth starting in 2013.  
**Incentives/Credits:** (a) \$5,700,000 in authorized DTC credits, redeemed between 2012-2017. Impacts occur in the Statewide Region. Assumptions provided by DED. Estimated using REMI-PI+v1.3\_aug12.  
 The multi-year fiscal Benefit-Cost Ratio is 0.98 when other program incentives are included.

**In FY-2012, every dollar of authorized program tax credits returns**

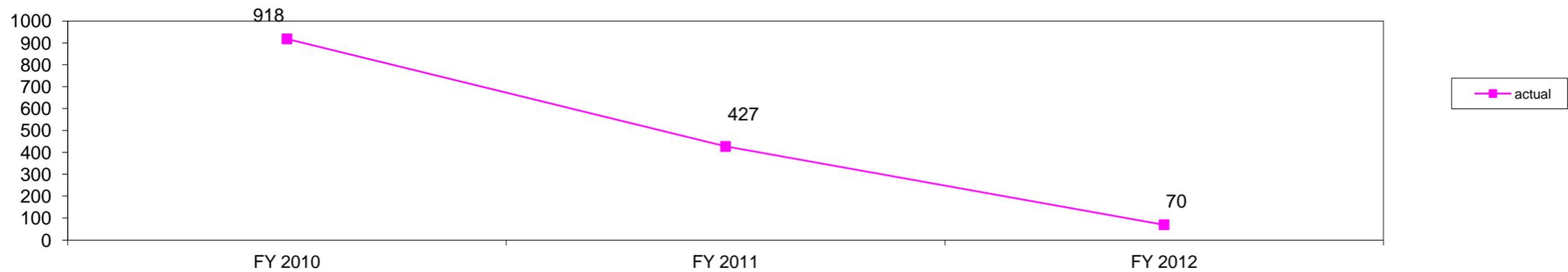
\$38.47 in new personal income totaling	\$36.54 million
\$85.00 in new value-added/GSP totaling	\$80.75 million
\$148.44 in new economic output totaling	\$141.02 million

**Over 10 years, every dollar of authorized program tax credits returns**

\$84.21 in new personal income totaling	\$458.25 million
\$150.34 in new value-added/GSP totaling	\$818.15 million
\$258.07 in new economic output totaling	\$1,404.36 million

### PERFORMANCE MEASURE(S)

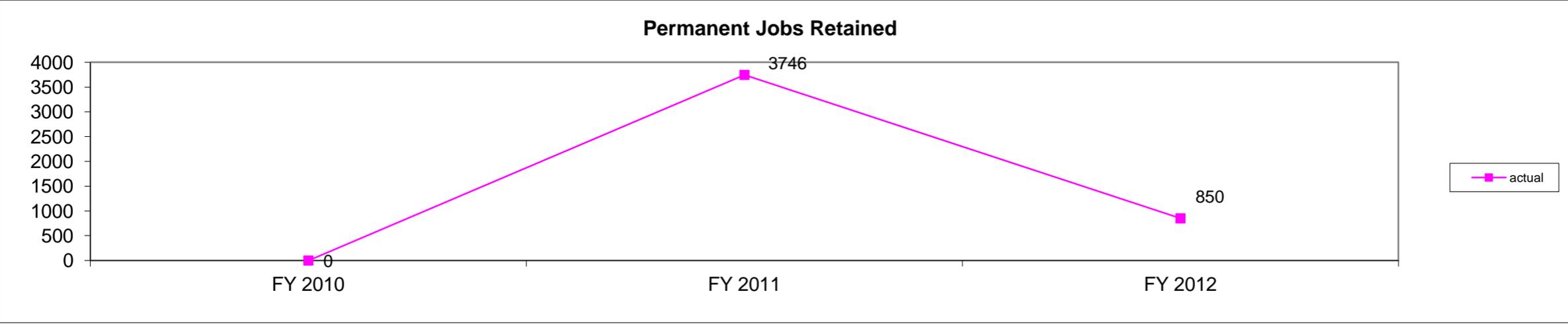
#### Permanent New Jobs Created



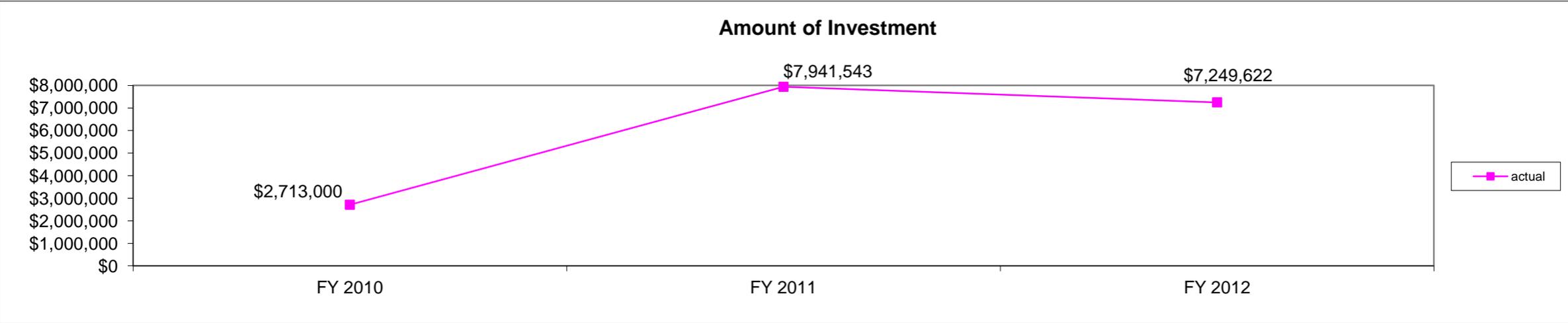
**Comments on Performance Measure:** Numbers reflect the companies that were within their 2-year job creation reporting period or in their 5 year maintenance reporting period during FY reported.

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