### Program Name: Development Tax Credit (DTC)

**Department:** Economic Development  
**Contact Name & No.:** Brenda Horstman 751-3713  
**Date:** October 2012

**Program Category:** Business Recruitment  
**Type:** Tax Credit _X_  
**Statutory Authority:** 32.100 to 32.125, RSMo  
**Applicable Taxes:** Income tax, Corporate franchise tax, Bank tax, Insurance premium tax, Other financial Institutions tax, Express company tax

**Program Description and Eligibility Requirements:**
- 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.

**Explanation of How Award is Computed:**
- Entitlement _____  
- Discretionary _X___

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 __X___  
- Additional Federal Deductions Available _____

**Comments on Specific Provisions:**

<table>
<thead>
<tr>
<th>FY 2010 ACTUAL</th>
<th>FY 2011 ACTUAL</th>
<th>FY 2012 ACTUAL</th>
<th>FY 2013 (Current Year)</th>
<th>FY 2014 (Budget Year)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Certificates Issued (#)</td>
<td>4</td>
<td>8</td>
<td>9</td>
<td>10</td>
</tr>
<tr>
<td>Projects (#)</td>
<td>6</td>
<td>6</td>
<td>7</td>
<td>8</td>
</tr>
<tr>
<td>Amount Authorized</td>
<td>$3,913,000</td>
<td>$2,672,415</td>
<td>$5,790,000</td>
<td>$6,000,000</td>
</tr>
<tr>
<td>Amount Issued</td>
<td>$2,713,000</td>
<td>$3,970,771</td>
<td>$3,624,811</td>
<td>$5,040,000</td>
</tr>
<tr>
<td>Amount Redeemed</td>
<td>$1,589,618</td>
<td>$1,001,142</td>
<td>$3,856,648</td>
<td>$3,175,200</td>
</tr>
<tr>
<td>EST. Amount Outstanding</td>
<td>N/A</td>
<td>N/A</td>
<td>$5,255,431</td>
<td>N/A</td>
</tr>
<tr>
<td>EST. Amount Authorized but Unissued</td>
<td>N/A</td>
<td>N/A</td>
<td>$4,093,833</td>
<td>N/A</td>
</tr>
</tbody>
</table>

**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.
TAX CREDIT ANALYSIS

Program Name: Development Tax Credit (DTC)

BENEFIT: COST ANALYSIS (includes only state revenue impacts)

<table>
<thead>
<tr>
<th></th>
<th>FY 2012 ACTUAL</th>
<th>Other Fiscal Period (10 years)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>BENEFITS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Direct Fiscal Benefits</td>
<td>$2,436,279</td>
<td>$17,329,514</td>
</tr>
<tr>
<td>Indirect Fiscal Benefits</td>
<td>$802,755</td>
<td>$5,710,079</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$3,239,034</td>
<td>$23,039,593</td>
</tr>
<tr>
<td><strong>COSTS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Direct Fiscal Costs</td>
<td>$950,000</td>
<td>$5,441,792</td>
</tr>
<tr>
<td>Indirect Fiscal Costs</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$950,000</td>
<td>$5,441,792</td>
</tr>
</tbody>
</table>

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

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.

Comments on Performance Measure:

- 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.

PERFORMANCE MEASURE(S)

Permanent New Jobs Created

- FY 2010: 918 jobs
- FY 2011: 427 jobs
- FY 2012: 70 jobs
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