TAX CREDIT ANALYSIS

Program Name: Job Retention Training Program		
Department: Economic Development	**Contact Name & No.: Amy Sublett 526-8271**	**Date:** October, 2012
Program Category: Education and Training	**Type: appropriation based on employer withholdings**	
Statutory Authority: 178.760 - 178.764 RSMo.	**Applicable Taxes: N/A - is an appropriation of funds, not a tax credit**	

Program Description and Eligibility Requirements:

Provides training assistance for job retention efforts. Companies making a large capital investment and/or at risk of leaving the state may be eligible. This program is best-suited for large retention and training projects. The company must make a minimum capital investment of $1 million and the retained jobs must have been in existence for the previous 2 calendar years. The company must also be making substantial capital investment, located in a border county, or be determined to represent a substantial risk of relocation.

Explanation of How Award is Computed: Entitlement _____   Discretionary _X_

A formula using the number of jobs to be retained and the average annual salary of workers in retained jobs calculates the amount that can be generated by diverting a portion of the employer withholding tax (approximately 2%). Discretionary measures such as review of types of industry, occupations, and wage rates are considered before approving a project.

Program Cap: Cumulative $__45 million   (remainder of cumulative cap) $38,389,346   Annual $_____   None _____

Explanation of cap: There is a statewide cap of $45 million on the amount of outstanding debt there can be at any given time. This figure changes monthly as debt is retired on existing projects and new projects are issued.

Explanation of Expiration of Authority: Program sunsets July 1, 2014

Specific Provisions: (if applicable)

Carry forward _____ 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)	FY 2014 (budget year)
Certificates Issued (#)	2	0	3	7	2
Projects (#)	2	0	3	7	2
Amount Authorized	$3,200,588	$0	$6,303,372	$20,600,000	$2,000,000
Amount Issued	$3,200,588	$0	$2,970,855	$20,600,000	$2,000,000
Amount Redeemed	$8,145,996	$5,758,163	$2,403,687	$6,000,000	$10,000,000
EST. Amount Outstanding	N/A	N/A	N/A	N/A	N/A
EST. Amount Authorized but Unissued	N/A	N/A	N/A	N/A	N/A

HISTORICAL AND PROJECTED INFORMATION
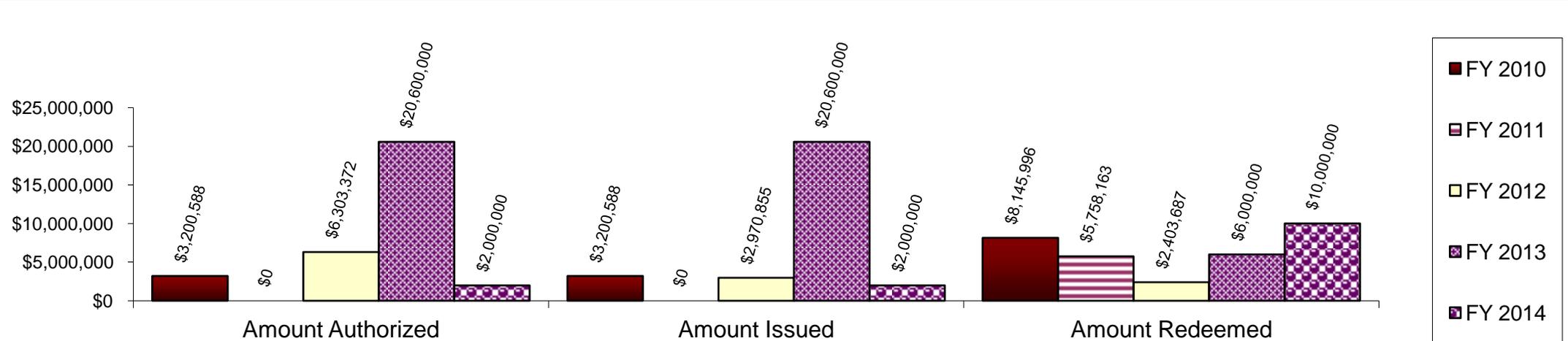
TAX CREDIT ANALYSIS

Program Name: Job Retention Training Program

Comments on Historical and Projected Information:

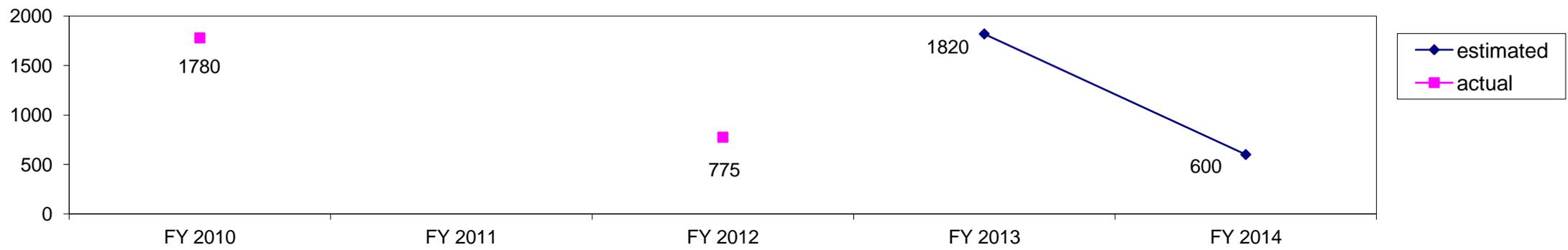| BENEFIT: COST ANALYSIS (includes only state revenue impacts)			
	FY 2012 ACTUAL	Other Fiscal Period (5 years)	**Derivation of Benefits**
BENEFITS			**Investment:** (a) $127,399,335 in Durable Equipment demand in 2012
Direct Fiscal Benefits	$843,248	$748,510	**Employment:** (a) 1,848 retained jobs in Manufacturing and Internet Publishing/Data Processing in 2012-2016
Indirect Fiscal Benefits	$1,164,486	$1,033,056	
Total	$2,007,734	$1,782,166	**Other Assumptions:** (a)$1,187,500 in increased personal income to 923 retained employees following equipment training, wage increase occurs in 2015-2016
COSTS			**Incentives/Credits:** (a) $6,303,372 in Authorized JRTP Tax Credits, redeemed between 2012-2016.
Direct Fiscal Costs	$1,260,674	$6,076,146	Impacts estimated using the REMI model for the Statewide Region. Assumptions provided by DED.
Indirect Fiscal Costs			
Total	$1,260,674	$6,076,146	**If all retained jobs had exited the state but for this incentive the fiscal benefit-cost ratio would be 13.64 at 5 years.**
BENEFIT: COST	**1.59**	**0.29**	

Other Benefits:

In FY 12, every dollar of authorized program tax credits returns:

$12.10 in new personal income totaling $15.26 million

$26.17 in new value-added/GSP totaling $32.99 million

$40.77 in new economic output totaling $51.39 million

Over 5 years, every dollar of authorized program tax credits returns:

$3.58 in new personal income totaling $21.74 million

$5.67 in new value added/GSP totaling $34.42 million

$8.63 in new economic output totaling $52.46 million

PERFORMANCE MEASURE(S)

Permanent Jobs Retained

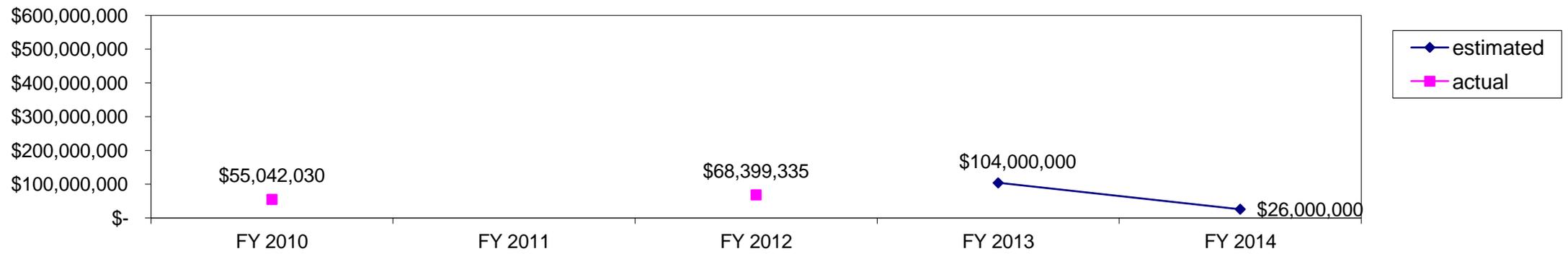
Comments on Performance Measure:

TAX CREDIT ANALYSIS

Program Name:	Job Retention Training Program

Average Wage

estimated
actual

$18.38

$20.73

$19.00

$21.11

$35.00
$30.00
$25.00
$20.00
$15.00
$10.00
$5.00
$0.00

FY 2010   FY 2011   FY 2012   FY 2013   FY 2014

Comments on Performance Measure:

Capital Investment

estimated
actual

$55,042,030

$68,399,335

$104,000,000

$26,000,000

$600,000,000
$500,000,000
$400,000,000
$300,000,000
$200,000,000
$100,000,000
$-

FY 2010   FY 2011   FY 2012   FY 2013   FY 2014

Comments on Performance Measure: