

TAX CREDIT ANALYSIS

Program Name: Business Use Incentives for Large-scale Development (BUILD)		
Department: Economic Development	Contact Name & No.: Krystal Davis 751-8479	Date: October 2012
Program Category: Business Recruitment		Type: Tax Credit <input checked="" type="checkbox"/> Other (specify) _____
Statutory Authority: 100.700 - 100.850, RSMo		Applicable Taxes: Income Tax; Bank Tax; Insurance Premium Tax; Other Financial Institution Tax

Program Description and Eligibility Requirements:
 The incentives offered by the BUILD Missouri Program are designed to offset infrastructure and other capital costs of certain large projects by making the cost of investing in Missouri more competitive. The costs are financed through the issuance by the Board of certificates (bonds or notes) the principal and interest on which will be repaid by the business. Businesses are then reimbursed for these repayments through the issuance by the Board of Missouri State income tax credits. The businesses may use these credits against taxes, which would otherwise be due, or to obtain a refund if the business has no Missouri income tax liability. All businesses that manufacture, process (including agricultural processing) or assemble products are eligible. Businesses that conduct research and development or provide services in interstate commerce are also eligible. Certain office industries are also eligible. A manufacturing business must invest a minimum of \$15 million and 100 new jobs. An office business must invest a minimum of \$10 million and 500 jobs. There are other factors.

Explanation of How Award is Computed: Entitlement _____ Discretionary
 The award is computed based on principal, interest and board fees annually and limited to be no more that 5% of gross wages of each eligible employee whose job was created as a result of the project.

Program Cap: Cumulative \$ _____ (remainder of cumulative cap) \$ _____ Annual \$ 25 million None _____
Explanation of cap:
 Aggregate amount of debt reduction assessments of all companies with bonds outstanding and still active shall not exceed \$25 million annually.

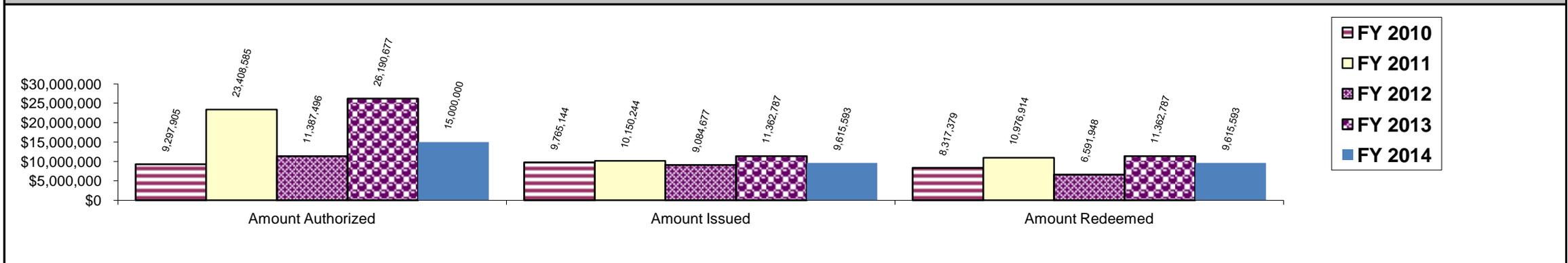
Explanation of Expiration of Authority:

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 year)	FY 2014 (budget year)
Certificates Issued (#)	33	26	28	35	38
Projects (#)	33	26	28	30	37
Amount Authorized	\$9,297,905	\$23,408,585	\$11,387,496	\$26,190,677	\$15,000,000
Amount Issued	\$9,765,144	\$10,150,244	\$9,084,677	\$11,362,787	\$9,615,593
Amount Redeemed	\$8,317,379	\$10,976,914	\$6,591,948	\$11,362,787	\$9,615,593
EST. Amount Outstanding	N/A	N/A	\$11,773,054	N/A	N/A
EST. Amount Authorized but Unissued	N/A	N/A	\$92,414,670	N/A	N/A

HISTORICAL AND PROJECTED INFORMATION



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Comments on Historical and Projected Information:

BENEFIT: COST ANALYSIS (includes only state revenue impacts)

	FY 2012 ACTUAL	Other Fiscal Period (15 years)	Derivation of Benefits: Investment: (a) \$129,244,550 in Non-residential Investment Demand in 2012, (b) \$50,984,145 in durable equipment spending in 2012. Employment: (a) 705 jobs in Electronics and Computer Manufacturing, Motor Vehicle Manufacturing, Securities/Investments, Wholesale, and Insurance Industries at specified wage rates in 2012-2026. Other Assumptions: (a) real wage growth starting in 2013. Incentives/Credits: (a) \$11,387,496 in Authorized BUILD credits, redeemed in 2012-2026. Impacts estimated using the REMI model for the Statewide Region. Assumptions provided by DED. The multi-year fiscal Benefit-Cost Ratio is 6.33 when other program incentives are included.
BENEFITS			
Direct Fiscal Benefits	\$5,153,266	\$55,114,599	
Indirect Fiscal Benefits	\$2,409,002	\$25,764,473	
Total	\$7,562,268	\$80,879,072	
COSTS			
Direct Fiscal Costs	\$759,166	\$9,884,661	
Indirect Fiscal Costs			
Total	\$759,166	\$9,884,661	
BENEFIT: COST	9.96	8.18	

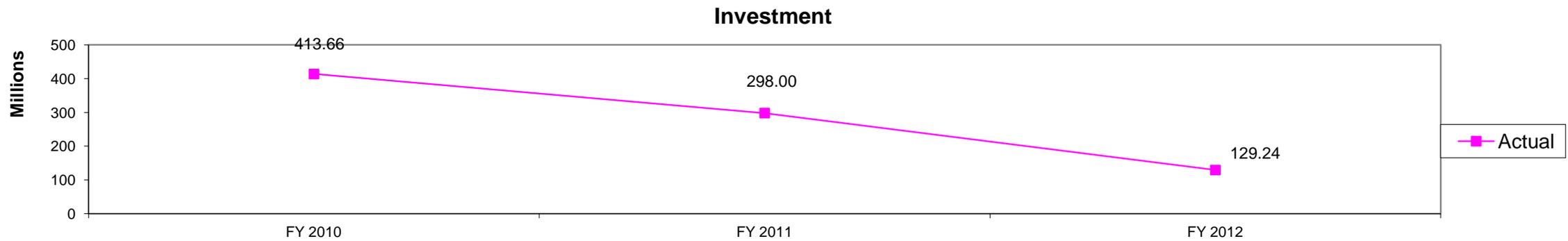
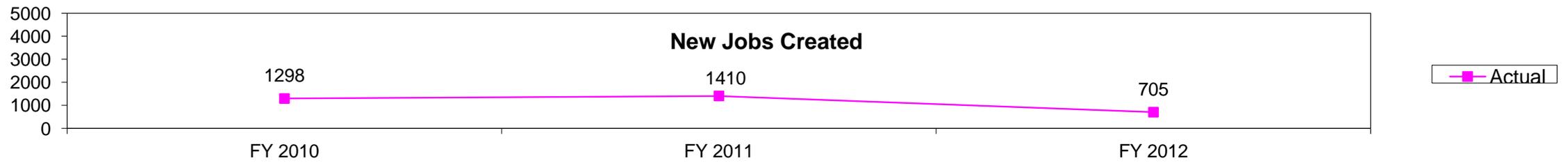
In FY 2012, every dollar of authorized program tax credits returns

\$101.96 in new personal income totaling \$77.41 million
 \$213.62 in new value-added/GSP totaling \$162.17 million
 \$423.25 in new economic output totaling \$321.32 million

Over 15 YEARS, every dollar of authorized program tax credits returns

\$126.93 in new personal income totaling \$1,254.65 million
 \$287.77 in new value-added/ GSP totaling \$2,844.54 million
 \$609.71 in new economic output totaling \$6,026.82 million

PERFORMANCE MEASURE(S)



Comments on Performance Measure: