

TAX CREDIT ANALYSIS

Program Name: Community College New Jobs 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 withholding

Statutory Authority: 178.892-178.896, RSMo. **Applicable Taxes:** N/A - is an appropriation of funds, not a credit

Program Description and Eligibility Requirements:
 Companies creating a substantial number of new jobs may qualify for training assistance through this program. This program is best suited for large attraction & expansion projects creating a substantial number of new jobs. Generally, funds are generated by deferring a portion of the state employer withholding tax - approximately 2% - on the newly created jobs. Eligible companies include manufacturing, research and development, and companies engaged in interstate commerce. This program is administered locally through the community colleges.

Explanation of How Award is Computed: Entitlement ____ Discretionary
 A formula using the number of jobs to be created and the average annual salary of the workers in the new jobs calculates the amount that can be generated over a period of several years through the diversion of a portion of the employer withholding tax. Discretionary measures such as review of types of industry and wage rates paid are considered before approving a

Program Cap: Cumulative \$55 million (remainder of cumulative cap) \$44,809,398 Annual \$ _____ None _____

Explanation of cap: There is a statewide cap of \$55 million on the amount of outstanding debt (total outstanding project amounts) there can be at any given time. This figure changes monthly as debt is retired on existing projects and new projects are issued.

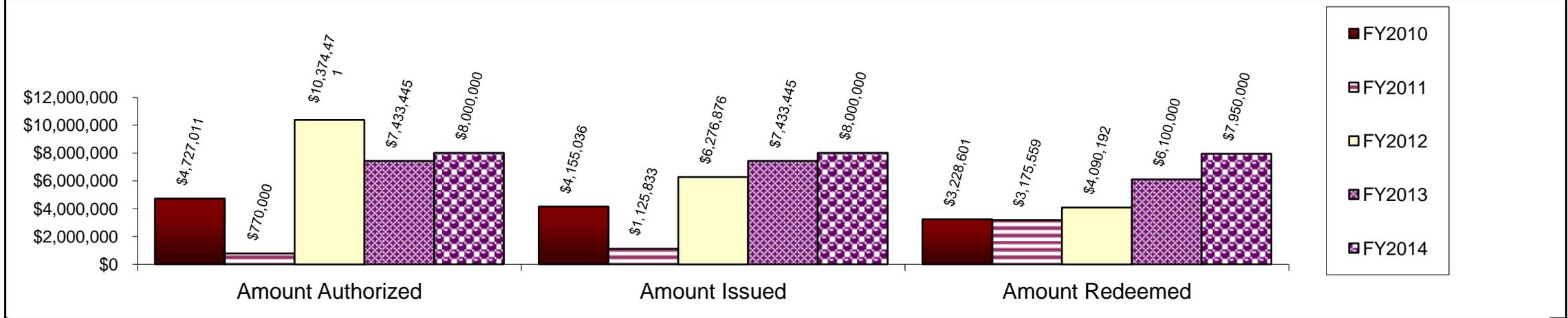
Explanation of Expiration of Authority: Program sunsets July 1, 2018

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 (#)	5	2	5	8	7
Projects (#)	5	2	5	8	7
Amount Authorized	\$4,727,011	\$770,000	\$10,374,471	\$7,433,445	\$8,000,000
Amount Issued	\$4,155,036	\$1,125,833	\$6,276,876	\$7,433,445	\$8,000,000
Amount Redeemed	\$3,228,601	\$3,175,559	\$4,090,192	\$6,100,000	\$7,950,000
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



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Comments on Historical and Projected Information:

BENEFIT: COST ANALYSIS (includes only state revenue impacts)

	FY 2012 ACTUAL	Other Fiscal Period (10 years)	<u>Derivation of Benefits</u>
BENEFITS			Investment: (a) n/a
Direct Fiscal Benefits	\$17,056,684	\$152,301,617	Employment: (a) 2,050 new jobs in Management of Companies, Professional/Technical/Scientific Services, Internet/Data Publishing, Motor Vehicle Manufacturing, Other Transportation Equipment Manufacturing with combined industry wage rates averaging \$56,370 following training in 2015-2021.
Indirect Fiscal Benefits	\$6,857,559	\$61,232,144	
Total	\$23,914,243	\$213,533,761	Incentives/Credits: (a) \$10,374,471 in authorized NJTP incentives redeemed between 2012-2017.
COSTS			Impacts estimated using the REMI model for the Statewide Region. Assumptions provided by DED. The multi-year fiscal Benefit-Cost Ratio is 5.15 when other program incentives are included
Direct Fiscal Costs	\$1,729,079	\$9,904,512	
Indirect Fiscal Costs	\$0	\$0	
Total	\$1,729,079	\$9,904,512	
BENEFIT: COST	13.83	21.56	

Other Benefits:

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

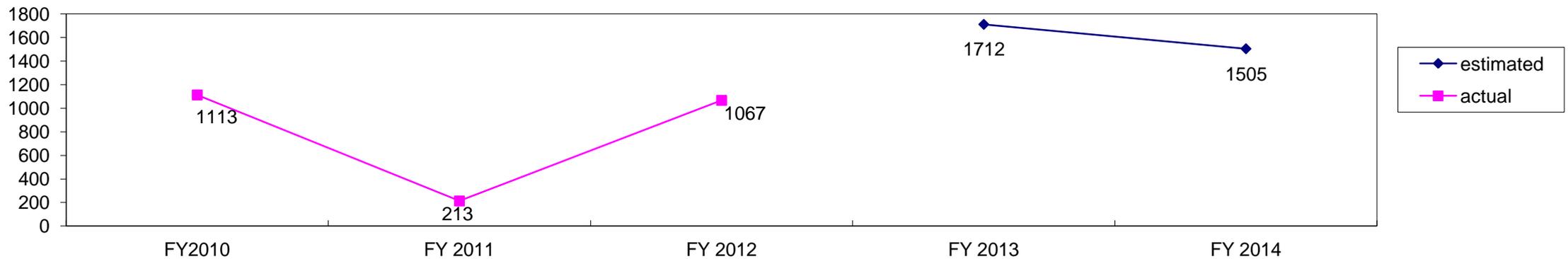
\$139.65 in new personal income totaling \$241.47 million
 \$435.35 in new value-added/GSP totaling \$752.75 million
 \$882.22 in new economic output totaling \$1,525.42 million

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

\$310.84 in new personal income totaling \$3,078.67 million
 \$868.74 in new value added/GSP totaling \$8,604.46 million
 \$1,751.31 in new economic output totaling \$17,345.86 million

PERFORMANCE MEASURE(S)

Permanent New Jobs Created



Comments on Performance Measure:

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Average Wage



Comments on Performance Measure: