

TAX CREDIT ANALYSIS

Program Name: Rebuilding Communities

Department: Economic Development

Program Category: Business Recruitment

Statutory Authority: 135.535, RSMo

Contact Name & No.: Brenda Horstman 751-3713

Type: Tax Credit Other (specify) _____

Date: October 2012

Applicable Taxes: Income tax, Corporate Franchise tax, Bank tax, Insurance premium tax, Other financial institutions tax

Program Description and Eligibility Requirements:

Provides a tax credit for eligible businesses locating, relocating or expanding within a distressed community. A business must have fewer than 100 full-time employees, 75% of which must be located in the distressed community, and be primarily engaged in manufacturing, biomedical, medical devices, scientific research, animal research, computer software design or development.

Explanation of How Award is Computed:

Entitlement Discretionary _____

The tax credit is equal to either 40% or 25% of eligible equipment purchases, depending on whether the business is new or existing, or 40% of state income taxes due. A 1.5% employee tax credit is also available to businesses who receive one of the 40% credits and is based on an employee's gross salary. The 40% income tax credit is limited to \$125,000 per year for three years. The 40% and 25% equipment credits are limited to \$75,000 per year for four years.

Program Cap: Cumulative \$ _____ (remainder of cumulative cap) \$ _____ Annual \$ 8 million _____ None _____

Explanation of cap: Total credits issued under this program may not exceed \$8 million per year. The 25% equipment credits are further limited to \$750,000 per year. (Note that 620.1881, RSMo - the Missouri Quality Jobs Act - reduced the cap from \$10 million to \$8 million).

Explanation of Expiration of Authority:

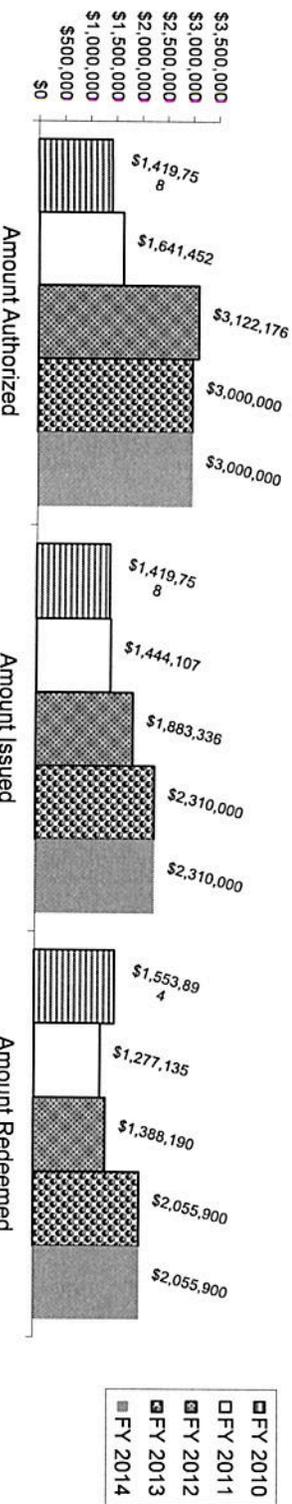
Specific Provisions: (if applicable)

Carry forward 5 years Carry Back 3 years Refundable _____ Sellable/Assignable Additional Federal Deductions Available _____

Comments on Specific Provisions: The 1.5% employee credits are sellable/assignable only.

	FY 2010 ACTUAL	FY 2011 ACTUAL	FY 2012 ACTUAL	FY 2013 (current year)	FY 2014 (budget year)
Certificates Issued (#)	433	320	178	300	300
Projects (#)	33	47	62	50	50
Amount Authorized	\$1,419,758	\$1,641,452	\$3,122,176	\$3,000,000	\$3,000,000
Amount Issued	\$1,419,758	\$1,444,107	\$1,883,336	\$2,310,000	\$2,310,000
Amount Redeemed	\$1,553,894	\$1,277,135	\$1,388,190	\$2,055,900	\$2,055,900
EST. Amount Outstanding	N/A	N/A	\$2,972,961	N/A	N/A
EST. Amount Authorized but Unissued	N/A	N/A	\$4,322,068	N/A	N/A

HISTORICAL AND PROJECTED INFORMATION



Comments on Historical and Projected Information:

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BENEFIT: COST ANALYSIS (includes only state revenue impacts)	
	FY 2012 ACTUAL
BENEFITS	
Direct Fiscal Benefits	\$266,973
Indirect Fiscal Benefits	\$56,665
Total	\$323,638
COSTS	
Direct Fiscal Costs	\$520,363
Indirect Fiscal Costs	\$0
Total	\$520,363
BENEFIT: COST	0.62

Derivation of Benefits

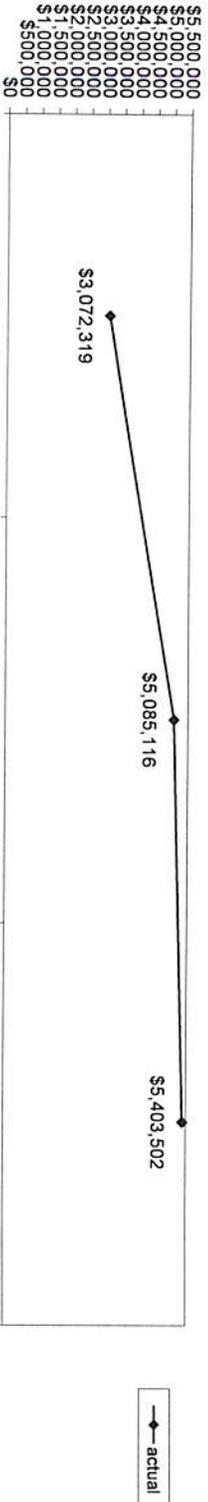
Investment: (a) \$9,691,695.38 in Durable Equipment Demand in 2012.
 Employment: (a) n/a
 Other Assumptions: (a) Estimated annual Professional Technical and Misc. Manufacturing industry sales of \$347,311 between years 2011-2020. Modeled not to increase direct employment within the industry.
 Incentives/Credits: (a) \$3,122,176.24 in authorized Rebuilding Communities tax credits in 2012, redeemed between 2012-2017.
 Impacts estimated using the REMI model for the Statewide Region. Assumptions provided by DED.

Other Benefits:

<p>In FY-2012, every dollar of authorized program tax credits returns</p> <p>\$2.35 in new personal income totaling \$5.22 in new value-added/GSP totaling \$8.45 in new economic output totaling</p>	<p>\$1.22 million \$2.72 million \$4.39 million</p>
<p>Over 10 Years, every dollar of authorized program tax credits returns</p> <p>\$0.78 in new personal income totaling \$2.23 in new value-added/GSP totaling \$3.69 in new economic output totaling</p>	<p>\$2.32 million \$6.65 million \$10.99 million</p>

PERFORMANCE MEASURE(S)

New Investment



Comments on Performance Measure: