Innovation Campus Program

CY 2017 Guidelines & Application

Business and Community Services
P.O. Box 118 • Jefferson City, MO 65102
(573) 751-4539 • FAX (573) 522-4322

Statutory Notices

A. Changes in Processing of Tax Credits (Section 135.815, RSMo)

Before tax credits can be issued, the Missouri Department of Economic Development (DED) is required to verify with the Departments of Revenue and Insurance that the applicant does not owe any delinquent income, sales, use, or insurance taxes, as well as interest or penalties on such taxes. If a delinquency exists, the amount of any tax credits issued will be reduced by the delinquent amount. Should any credits remain after satisfying any delinquency, such credits will be issued. Further, any applicant who purposely and directly employs unauthorized aliens will forfeit any credits that have been issued, but not redeemed, and shall repay the amount of any redeemed credits during the period of time any such alien was employed by the applicant.

B. Reporting Requirements (Section 135.805, RSMo)

Pursuant to Section 135.805, RSMo, for a period of three years following the issuance of tax credits, a tax credit recipient shall submit annually to the Department of Revenue, information pertaining to the project for which Innovation Campus Program (ITC) credits were issued. Section 135.805(10) RSMo clarifies that "no person or entity shall be required to make an annual report until at least one year after the credit issuance date"; therefore, a tax credit recipient is likely to only be required to submit two (2) annual reports during the three years following issuance. The approved ITC organization shall report the actual number of jobs created as a result of the tax credits on the last day of the annual reporting period, separated by part-time permanent and full-time permanent for each month of the preceding twelve-month period. Also, because ITC is a community development tax credit, a recipient shall, for the reporting periods, confirm the title and location of the project, the estimated or actual time period for completion of the project, and all geographic areas impacted by the project.

For approved CY2017 projects, the report required by this section shall be due annually on June 30. Because a full year must pass after the issuance of the tax credits before reporting is required, the first report will not be due prior to June 30, 2016.

C. Penalty Provisions (Section 135.810, RSMO)

Once credits have been issued, any failure to meet the annual reporting requirements, or any determination of fraud in the application process, shall be subject to the incremental penalties provided in Section 135.810, RSMo. Failure to report for more than six months, but less than a year, shall result in a penalty of 2% of the value of the credits for each month of that delinquency. Failure to report for more than a year shall result in a 10% penalty for each month of delinquency up to 100% of the value of the credits. Any fraud in the application process will result in a penalty equal to 100% of the credits issued.

D. Closed Records (Section 610.255, RSMo)

Records and documents submitted as part of an application for tax credits to DED are closed records until such time as the information no longer concerns a pending application (i.e., where no credits have yet been authorized). DED retains the authority to close records or documents that "relate to financial investments in a business, or sales projections, or other business plan information which may endanger the competitiveness of a business" or as also provided by law. In the event a document or record contains both open and closed records, DED will provide a redacted version of such record or document in order to protect otherwise closed information.

INNOVATION CAMPUS PROGRAM

OVERVIEW

Administered by the Department of Economic Development (DED), the Innovation Campus Program (ITC) was created to advance learning in the areas of science, technology, engineering, and mathematics, while reducing the time and cost required for Missouri students to obtain a college degree in those fields of study. An Innovation Campus is defined as an educational partnership consisting of a local Missouri high school or k-12 district; a Missouri four-year public or private higher education institution, a Missouri-based business or businesses, and a Missouri two-year public higher education institution or state technical college. The Innovation Campus partnership is eligible for ITC tax credits.

The eligible applicant is granted assistance in the form of state tax credits to help attract eligible donors who would be able to, in effect, redirect their Missouri tax dollars to approved Innovation Campus activities. This form of assistance is not a grant and does not include the transfer of tax dollars from DED to eligible Innovation Campuses. The State's role is to issue tax credits to eligible donors that contribute to an Innovation Campus.

The Innovation Campus Program works as follows:

1. A donor makes a contribution to an eligible Innovation Campus.
2. The Innovation Campus submits a complete application package, including payment, to DED.
3. DED confirms eligibility of the Innovation Campus, receives and records payment from the Innovation Campus, and issues the tax credit to the donor.

Under ITC, a tax credit equal to 50% of the value of contributions will be issued to eligible donors and may be used to offset a contributor's income tax liability. The credit is claimed when the donor files their Missouri tax return. The approved ITC partnership receives 50% of the eligible contribution and forwards 50% of the contribution to the state general revenue fund.

I. APPLICANT ELIGIBILITY

Eligible applicants to the ITC program include only those partnerships consisting of:

a. a local Missouri high school or k-12 district;

b. a Missouri four-year public or private higher education institution;

c. a Missouri-based business or businesses; and,

d. a Missouri two-year public higher education institution or state technical college.

The applicant agency must provide proof of the partnership through a multi- party Memorandum of Understanding (MOU) or other binding agreement. The MOU or agreement must define each partner and all roles and responsibilities in implementation of the Innovation Campus project. The document must be signed by all partners.

II. ELIGIBLE ACTIVITES

Eligible activities include those where donations will be used solely for Innovation Campus expenses and activities that advance learning in the areas of science, technology, engineering, and mathematics (STEM), including but not limited to: a) property acquisition and/or renovation, b) curriculum, c) curriculum development, and d) scholarships.

In addition, applicants must:

a. Demonstrate that the Innovation Campus is actively working to lower the cost for students to complete a college degree;
b. Decrease the general amount of time required for a student to earn a college degree;
c. Provide applied and project-based learning experiences for students;
d. Leverage curriculum developed in consultation with its partner Missouri business(es) and industry representatives;
e. Provide students graduating from the Innovation Campus with direct access to internship, apprentice, part-time or full-time career opportunities with Missouri-based businesses that are in partnership with the Innovation Campus; and,
f. Engage and partner with industry stakeholders in ongoing program development and program outcomes review.

III. DONOR ELIGIBILITY

To receive tax credits for a donation, a donor must be one of the following:

Business Eligibility	Tax Liability Type	Schedule Filed
Corporations	Corporate, Franchise Tax	MO 1120
Farm Operation	Individual Income Tax	Federal 1040, Schedule F; MO 1040
Financial Institution	Financial Institution Tax	MO Financial Tax Return
Individual partner in a Partnership or shareholder in an S-Corp	Individual Income Tax	
Individual reporting income from rental property or royalties	Individual Income Tax	Federal 1040, Schedule E, MO 1040
Insurance Company	Gross Premium Receipts Tax	MO Insurance Tax Return with the MO Dept. of Insurance
Limited Liability Corporation or Partnership	Individual Members Income Tax, Franchise & Fiduciary Tax	MO 1120, 1120S or 1065
Charitable Organizations exempt from Federal Income tax	Income Tax - unrelated business income	
Partnership	Individual Partners' Income Tax	MO 1065
Sole Proprietorship	Individual Income Tax	Federal 1040, Schedule C; MO 1040
Small Business Corporation (S-Corp)	Individual Shareholders' Income Tax, Franchise Tax	MO 1120S
Individuals	Individual Income Tax	

IV. ITC BENEFITS

ITC tax credits may be claimed against a variety of Missouri state tax liabilities, including:

- State income tax imposed in chapter 143;
- Annual corporation Franchise Tax imposed in chapter 147;
- Gross Premium Receipts Tax (Insurance companies); and,
- Financial Institution Tax or any political subdivision tax imposed under chapter 148.

The amount of the tax credit claimed by a taxpayer shall not exceed the amount of such taxpayer's liability for the tax year in which the credit is claimed. ITC tax credits are sellable and transferable (but not refundable) and may be carried forward by the donor for four (4) subsequent taxable years.

A. Type and Value of Approved Donations

To qualify for tax credits, donations must be provided directly to the eligible Innovation Campus.

The following types of donations qualify for tax credits:

- Cash – Valued in U.S. dollars for the amount of the donation. Cash includes check, EFT, and credit and debit donations only.
- Real Property – The property will be valued based on the lesser of two independent appraisals.
- Publicly-Traded Stocks and Bonds - Stock market price shall be valued upon transfer of the stocks to the approved ITC agency. Bonds must be publicly traded and are valued at market value.

B. Restrictions on Certain Donations

The following restrictions apply to some of the aforementioned donations. The DED reserves the discretion to determine the scope of the following restrictions:

1. Real Property:
   - The donor must be able to deliver a fee simple title.
   - Transactional costs associated with real estate acquisition, construction and renovation are ineligible.
   - Credit is based on the lesser of two independent appraisals conducted by state-certified or state-licensed appraisers. Appraisals must be performed no more than 18 months prior to date of contribution.
   - Only one appraisal is required when the property is:
     - Commercial property with appraised value less than $50,000; or
     - Vacant or residential property with appraised value less than $25,000.
2. Miscellaneous:
   - If the donor receives anything of value from the Innovation Campus in exchange for a donation, the value of the received items/services must be deducted from the donation to calculate the tax credit (per IRS guidelines).
   - Membership fees paid to ITC agency are not eligible for tax credits.

V. ATTACHMENTS

1. **Applicant Certification -** This form certifies that the information contained in the application is true, correct, and complete, and that your organization: has read the Guidelines: does not employ unauthorized workers; does not have any unpaid federal, state, or local taxes; etc. The Certification form must be signed (by the Executive Director of the organization or by a person duly authorized to represent the applicant organization) and notarized.

2. **Multi-party MOU/Agreement** – All applicants must submit an MOU/Agreement identifying all organizations involved with the Innovation Campus, which includes specific roles and responsibilities of each entity and the signature of authorized representatives from each agency. This document must only be submitted once in a calendar year.

3. **E-Verify MOU -** All applicants must: 1) enroll in E-Verify, and 2) provide supporting documentation. All applicants must complete this form and attach a copy of the E-Verify memorandum to be eligible for ITC.

   The E-Verify Program, conducted jointly by the U.S. Citizenship and Immigration Services (USCIS) Verification Division and the Social Security Administration (SSA), is designed to provide employment status information to determine the eligibility of applicants for employment. E-Verify requires that participating commercial employers use the automated Verification Information System (VIS) to check the SSA and the USCIS databases to verify the employment authorization of ALL newly hired employees. An employer's participation in E-Verify is currently free. To access E-Verify, go to: http://www.uscis.gov/e-verify

   To retrieve a copy of your electronically signed MOU:

   - Wait until a you have received a confirmation email from E-Verify / USCIS that the Company is successfully enrolled in the program;
   - Log back into the Account
   - Click on “Edit Company Profile” in the left menu
   - Click on “View MOU” button
   - ONLY the Program Administrator can access the electronically signed MOU

   For additional assistance, contact the E-Verify toll free Help line at (888) 464-4218.

VI. APPLYING TO THE PROGRAM

The Innovation Campus must submit a complete application package to DED. The package must include:

1. A completed ICTC application form and supporting documents, including the Applicant Certification, Partnership MOU/Agreement, and E-Verify; and,
2. The Application to Claim Innovation Campus Tax Credits and supporting documentation to verify the contribution to the Innovation Campus; and,
3. Payment, in the form of a check or EFT, totaling 50% of the value of the contributions to the Innovation Campus.

Once received, DED will confirm the eligibility of the Innovation Campus, record payment from the Innovation Campus, and issue ICTC tax credits.

Applications will be accepted at any time for applicants that meet eligibility requirements. There is no application fee to submit an application. Applications should be sent to:

MO Department of Economic Development
Business & Community Services – Innovation Campus
301 West High, Room 770
Jefferson City, MO 65102

Payments to DED by check should be made to: General Revenue – State of Missouri.

Payments to DED by EFT should are made to the Office of the Missouri State Treasurer. For details about making an EFT, please contact DED.

VII. REPORTING REQUIREMENTS

Innovation Campus organizations are required to submit a Tax Credit Accountability Annual Report.

Truman State Office Building
301 West High Street, Room 770
PO Box 118
Jefferson City MO 65102

Telephone: 573-751-4539
Fax: 573-522-4322
Web: www.ded.mo.gov

STATE USE ONLY

INNOVATION CAMPUS APPLICATION (Section 620.2600, RSMo)

SECTION 1. INNOVATION CAMPUS

Innovation Campus Name (Official or Legal Name)	NAICS (if applicable)	FEIN (if applicable)
Campus Location (Street, City, County, 9-digit ZIP Code)		
Project Administrator (First Name, Middle Initial, Last Name, Title)		
Mailing Address (Street Address, P.O. Box, City, State, 9-digit Zip Code)		
Day Phone (include extension) ( )	Fax Number ( )	E-mail Address
Innovation Campus Director (First Name, Middle Initial, Last Name)	Title	

SECTION 2. USE OF FUNDS

1) How will the donations received as part of this application be used?

☐ Property acquisition and/or renovation or construction
☐ Curriculum development
☐ Curriculum
☐ Scholarships

2) Will the end product of this project (property, curriculum, etc.) be solely used for science, technology, engineering, and mathematics (STEM) education for the target Innovation Campus students?

☐ Yes ☐ No

SECTION 3. PARTNERS

List all Innovation Campus partners below **and** attach a multi-party Memorandum of Understanding or Agreement that: identifies each entity, defines the roles and responsibilities of each entity, and has been signed by an authorized representative of each entity.

High School or District Name	MITS/MO ID No.	FEIN
Address (Street, City, County, 9-digit ZIP Code)		
Authorized Representative (First Name, Middle Initial, Last Name, Title)		
Day Phone (include extension) ( )	Fax Number ( )	E-mail Address

Four Year Public/Private Higher Education Institution Name	MITS/MO ID No.	FEIN
Address (Street, City, County, 9-digit ZIP Code)		

Authorized Representative (First Name, Middle Initial, Last Name, Title)		
Day Phone (include extension) ( )	Fax Number ( )	E-mail Address

Two Year Public Higher Education Institution/Technical College Name	MITS/MO ID No.	FEIN
Address (Street, City, County, 9-digit ZIP Code)		
Authorized Representative (First Name, Middle Initial, Last Name, Title)		
Day Phone (include extension) ( )	Fax Number ( )	E-mail Address

Business Partner Name	NAICS	MITS/MO ID No.	FEIN
Address (Street, City, County, 9-digit ZIP Code)			
Authorized Representative (First Name, Middle Initial, Last Name, Title)			
Day Phone (include extension) ( )	Fax Number ( )	E-mail Address	

Business Partner Name	NAICS	MITS/MO ID No.	FEIN
Address (Street, City, County, 9-digit ZIP Code)			
Authorized Representative (First Name, Middle Initial, Last Name, Title)			
Day Phone (include extension) ( )	Fax Number ( )	E-mail Address	

Attach a multi-party Memorandum of Understanding or Agreement that: identifies each entity, defines the roles and responsibilities of each of the above entities. The MOU/Agreement must be signed by an authorized representative of each entity.

SECTION 4. DHE APPROVAL

Has this organization/partnership been approved by the Missouri Department of Higher Education (DHE) as an Innovation Education Campus? ❑ **Yes** ❑ **No**

If **yes,** please attach a copy of the application to DHE and a copy of the approval.

SECTION 5. APPLICATION(S) TO CLAIM TAX CREDITS

Have you attached the notarized Application to Claim Innovation Campus Tax Credits (MOTC- ICTC), along with proof of the donation from the donor to the Innovation Campus? ❑ **Yes** ❑ **No**

How will payment of 50% of the value of the donation(s) to the Innovation Campus be made?

❑ Check Enclosed – made payable to MO General Revenue Fund

❑ EFT – Contact DED staff for account information and provide:

Name of the originating organization/business	Anticipated Date of Transfer	Amount of Transfer

SECTION 6. INNOVATION CAMPUS CERTIFICATION

I, the undersigned, acting on behalf of the Applicant named below, hereby certify and agree to the following:

- The information submitted by the Applicant to DED in connection with the Project is true and correct and such information is consistent with documents provided to lenders, other government programs, or investors. The Applicant hereby authorizes DED to verify such information from any source;
- Neither the Applicant, nor any person actively engaged in the management of the Applicant:
  a) Has committed a felony, is currently under indictment for a felony, or is currently on parole or probation;
  b) Is delinquent with respect to any non-protested federal, state or local taxes or fees;
  c) Has filed (or is about to file) for bankruptcy, unless otherwise disclosed to DED; or
  d) Has failed to fulfill any material obligation under any other state or federal program;
- There are no pending or threatened liens, judgments, or material litigation against the Applicant or any person identified on the application which is likely to have a material impact on the Applicant's viability;
- Neither the operations of the Project itself nor the receipt of incentives for the Project would violate any existing agreement;
- The Applicant has obtained or is capable of obtaining all necessary federal, state and local permits and licenses for the Project;
- I certify that the applicant does NOT knowingly employ any person who is an unauthorized alien and that the applicant has complied with federal law (8 U.S.C. § 1324a) requiring the examination of an appropriate document or documents to verify that each individual is not an unauthorized alien;
- I certify that the applicant is enrolled and will participate in a federal work authorization program as defined in Section 285.525(6), RSMo, with respect to employees working in connection with the activities that qualify applicant for this program. I certify that the applicant will maintain and, upon request, provide the Department of Economic Development documentation demonstrating applicant's participation in a federal work authorization program with respect to employees working in connection with the activities that qualify applicant for this program;
- I certify that the Applicant shall include in any contract it enters with a subcontractor in connection with the activities that qualify applicant for this program, an affirmative statement from the subcontractor that such subcontractor is not knowingly in violation of Section 285.530.1, RSMo, and shall not be in violation during the length of the contract. In addition the Applicant will receive a sworn affidavit from the subcontractor under the penalty of perjury, attesting that the subcontractor's employees are lawfully present in the United States. I certify that the Applicant will maintain and provide the Department of Economic Development and Department of Revenue access to documentation demonstrating compliance with this requirement
- I understand that, pursuant to section 285.530.5, RSMo, a general contractor or subcontractor of any tier shall not be liable under section 285.525 to 285.550 when such general contractor or subcontractor contracts with its direct subcontractor who violates section 285.530.1, if the contract binding the contractor and subcontractor affirmatively states that the direct subcontractor is not knowingly in violation of section 285.530.1 and shall not henceforth be in such violation and the contractor or subcontractor receives a sworn affidavit under the penalty of perjury attesting to the fact that the direct subcontractor's employees are lawfully present in the United States;
- I understand that if the applicant is found to have employed an unauthorized alien, applicant maybe subject to penalties pursuant to Sections 135.815, 285.025, and 285.535, RSMo;
- I understand that if the applicant is found to have employed an unauthorized alien in Missouri and did not, for that employee, examine the document(s) required by federal law, the applicant shall be ineligible for any state-administered or subsidized tax credit, tax abatement or loan for a period of five years following any such finding;
- I attest that I have read and understand the Innovation Campus guidelines;
- I certify that donations received as a part of this Innovation Campus project will be used solely for activities that advance learning in the areas of science, technology, engineering, and mathematics, including but not

limited to: property acquisition, curriculum development or implementation, and scholarships;

- I attest that the Innovation Campus is/will:
  g. Actively working to lower the cost for students to complete a college degree;
  h. Decrease the general amount of time required for a student to earn a college degree;
  i. Provide applied and project-based learning experiences for students;
  j. Leverage curriculum developed in consultation with its partner Missouri business(es) and industry representatives;
  k. Provide students graduating from the Innovation Campus with direct access to internship, apprentice, part-time or full-time career opportunities with Missouri-based businesses that are in partnership with the Innovation Campus ; and,
  l. Engage and partner with industry stakeholders in ongoing program development and program outcomes review.
- I will inform DED if, at any time before project completion, there is any change to any of the certifications made herein;
- I hereby agree to allow representatives of the Department of Economic Development (DED), Department of Revenue, or either of their designated representatives, access to the property and applicable records as may be necessary for the administration of this program; and,
- I certify under penalties of perjury that the above statements and information contained in the application and attachments are complete, true, and correct to the best of my knowledge and belief.

I certify that I am a Corporate Officer/Member of the Applicant and have the proper authority to execute this document on behalf of the Applicant. I am authorized to make the statement of affirmation contained herein. I realize that failure to disclose material information regarding the Applicant, any owners or individuals engaged in the management of the Applicant, or other facts may result in criminal prosecution.

Applicant Signature	Printed Name	Title	Date

STATE _____ OF

COUNTY OF_____ SS.

On this ___ day of _____in the year 20___ before me, _____, a Notary Public in and for said state, personally appeared _____[name of Corporate Officer/ Member], _____ [Official Title], _____[Name of Corporation/ Limited Liability Corporation], known to me to be the person who executed the within Agreement in behalf of said company and acknowledged to me that he or she executed the same for the purposes therein stated.

_____

Notary Public Name

My commission expires _____

[1]If more than one representative signs, use a copy of this page for each signatory.