



# BUSINESS FACILITY TAX CREDIT PROGRAM

## MISSOURI DEPARTMENT OF ECONOMIC DEVELOPMENT

### NOTICE

Pursuant to SB 1155 (2004), the Business Facility Tax Credit Program is being phased out of existence.

- Only a facility that has commenced operations or put its development into use on or before December 31, 2004, can be eligible for the program.
- Facilities that do not commence operations until January 1, 2005, or later, will not be eligible to receive incentives under the program.

*Remember that Form 135.258, the pre-application ("Letter of Intent") for the facility, must be postmarked no later than 15 days before commencement of operations. For a business commencing operations ON December 31, 2004, the form must be postmarked no later than December 16, 2004. Forms postmarked after that date will be ineligible for the program without regard to the date of commencement of operations.*

- Facilities already in the program as of December 31, 2004, will continue to receive the state tax incentives under this program for up to ten years as provided in the law. These facilities are considered to be "grandfathered" into the program.

Pursuant to HB 191 (2009), "headquarters" that commence operations and "headquarters" of certain "employee-owned" businesses that commence or expand operations on or before December 31, 2019 may be eligible for the program.

### PURPOSE

Provide tax incentives to facilitate the expansion of new or existing businesses in Missouri.

### AUTHORIZATION

Sections 135.100 to 135.150, 135.258, RSMo

### ELIGIBLE AREAS

Statewide: Higher credit amounts are given for businesses in "distressed communities." For a list of cities and census block groups that are "distressed communities," visit DED's web site at [www.missouridevelopment.org](http://www.missouridevelopment.org).

### ELIGIBLE APPLICANTS

Facility eligibility is determined by its primary Standard Industrial Classification (SIC) or North American Industrial Classification System (NAICS) code, and includes manufacturing, warehousing, wholesale distribution,

mining, insurance carriers, research and development, recycling operations, computer-related services and certain office activities.

To receive credits in any of the ten years, the facility must create at least 2 new jobs (25 for office) and make \$100,000 in new investment (\$1,000,000 for "replacement facilities") in that year as compared to the base year (the year prior to the commencement of operations at the facility). For expansions of "headquarters" of certain "employee-owned" businesses, the facility must create at least 25 new jobs and make \$1,000,000 in new investment as compared to the base year.

The investment credits are based on the original cost of machinery, equipment, furniture, fixtures, land and building, and/or eight times the annual rental rate paid for the same. Inventory is not eligible.

### PROGRAM BENEFITS/ELIGIBLE USES

State income tax credits are provided to the business based on the number of new jobs created and amount of new investment at the qualifying facility. The credits are provided each year for up to ten years after the project commences operations.

This tax credit can be applied to:

- Ch. 143 – Income tax, excluding withholding tax
- Ch. 148 – Insurance Premium Tax
- Sec. 375.916 – Insurance Co. Retaliatory Tax

This credit has no special attributes. It must be applied to tax liability for the year it was earned.

### FUNDING LIMITS

#### New Companies

A new Missouri company can receive \$75 (or \$125 if in a distressed community) for each new job and for each \$100,000 of new capital investment at the project facility.

#### Existing Companies

An existing Missouri company can receive \$100 (or \$150 in a distressed community) for each new job and for each \$100,000 of new capital investment at the project facility.

## **APPLICATION PROCEDURE/APPROVAL**

The business must submit a form letter of intent (pre-application) to the Department of Economic Development (DED) at least 15 days prior to the commencement of facility operations, otherwise, the project is ineligible for the tax credits. DED must determine eligibility of the business within 15 days of receipt of the letter of intent form. Failure to meet this requirement precludes participation in the program for the base year sought.

The business must file an application for tax credits for its first year of operations by the end of the tax year immediately following the tax year during which operations were commenced. Failure to timely file the application for credits for the first year of operations will result in a denial of the application and precludes participation in the program for the base year sought.

## **CONTACT**

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## **ADDITIONAL RESOURCES**

Go to the department's home page at : [www.missouridevelopment.org](http://www.missouridevelopment.org) to obtain guidelines and forms for this program, as well as a wealth of information regarding Missouri's many other economic development programs and policies.