



ENHANCED ENTERPRISE ZONE TAX BENEFIT PROGRAM

MISSOURI DEPARTMENT OF ECONOMIC DEVELOPMENT

PURPOSE

Provide tax credits to new or expanding businesses in a Missouri Enhanced Enterprise Zone.

AUTHORIZATION

Sections 135.950 to 135.973, RSMo

ELIGIBLE AREAS

Enhanced Enterprise Zones are specified geographic areas designated by local governments and certified by the Department of Economic Development (DED). Zone designation is based on certain demographic criteria, the potential to create sustainable jobs in a targeted industry and a demonstrated impact on local industry cluster development. The Zone designation demographic criteria currently utilizes population and income data from the 2000 Census, U.S. Census Bureau. Unemployment information is updated annually using data from the U.S. Bureau of Labor Statistics.

ELIGIBLE APPLICANTS

An eligible business must be located in a Missouri Enhanced Enterprise Zone (EEZ). Individual business eligibility will be determined by the zone, based on creation of sustainable jobs in a targeted industry or demonstrated impact on local industry cluster development. Service industries can be eligible if a majority of their annual revenues will be derived from services provided out of the state. Headquarters or administrative offices of an otherwise excluded business may qualify if the offices serve a multi-state territory. See application for complete information.

Ineligible Applicants:

Gambling establishments (NAICS group 7132),
Retail trade (NAICS sectors 44 & 45),
Educational services (NAICS sector 61),
Religious organizations (NAICS group 8131),
Public administrations (NAICS sector 92) and
Food and drinking places (NAICS subsector 722) are prohibited by statute from receiving the state tax credits.

ELIGIBILITY CRITERIA

The Enhanced Enterprise Zone program is a discretionary program offering state tax credits, accompanied by local real property tax abatement, to Enhanced Business Enterprises.

Tax credits may be provided each year for five tax years after the project commences operations.

To receive tax credits for any of the years, the facility must create and maintain the minimum:

- New or expanded business facility – 2 new employees and \$100,000 new investment;
- Replacement business facility – 2 new employees and \$1,000,000 new investment
- Company must offer health insurance at all times, of which at least 50% is paid by the employer, to all full time employees in Missouri.

Eligible investment expenditures include 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

This tax credit can be applied to Ch. 143 – Income tax, excluding withholding tax

Tax credits can only be applied to tax liability for the year in which they were earned. The tax credits are refundable or may be transferred, sold or assigned. The sale price cannot be less than 75% of the par value of such tax credits.

FUNDING LIMITS

Tax credits will be an amount authorized by DED, based on the state economic benefit, supported by the number of new jobs, wages and new capital investment that the project will create.

Tax credits issued under this program are limited to \$24,000,000 annually, effective August 28, 2008.

APPLICATION/APPROVAL PROCEDURE

DED must first offer program benefits to the business in the form of a formal proposal. The company must return the accepted proposal within 90 days of the proposal date.

The company must submit the Notice of Intent (NOI), (Application & guidelines, pages 7-9), and be notified of approval before any new construction, and/or purchase of machinery and equipment can be eligible as new investment. NOIs will be accepted by DED at any time of the year and will be approved on an individual, case-by-case basis, based on compliance with all program criteria.

REPORTING REQUIREMENTS

Annual Application for Tax Credits –

The facility must file the Annual Application for Tax Credits and supporting documents each year for calculation of the facility's state tax benefits. See page 10 of the application for a list of requirements. The deadline for submitting the Annual Application for Tax Credits is during the tax period immediately after the tax period for which the credits are being requested.

SB 1099 Reporting –

The "Tax Credit Accountability Act" reporting form must be returned for this program to DOR by June 30 of each year. Contact (573) 526-8733 (Personal Tax) or (573) 751-4541 (Corporate Tax) with any questions.

SPECIAL PROGRAM REQUIREMENTS

Applicants must be eligible for and receive at least ten years' local property tax abatement at 50% pursuant to the local enhanced enterprise zone plan.

Projects relocating employees from one Missouri location to another Missouri location must obtain the endorsement of the governing body of the community from which the jobs are being relocated and include this endorsement with the Notice of Intent.

A business cannot earn tax credits under this program if earning Enterprise Zone, Business Facility, Quality Jobs, Rebuilding Communities or Brownfield Jobs and Investment tax credits for the same project for the same tax period.

CONTACT

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