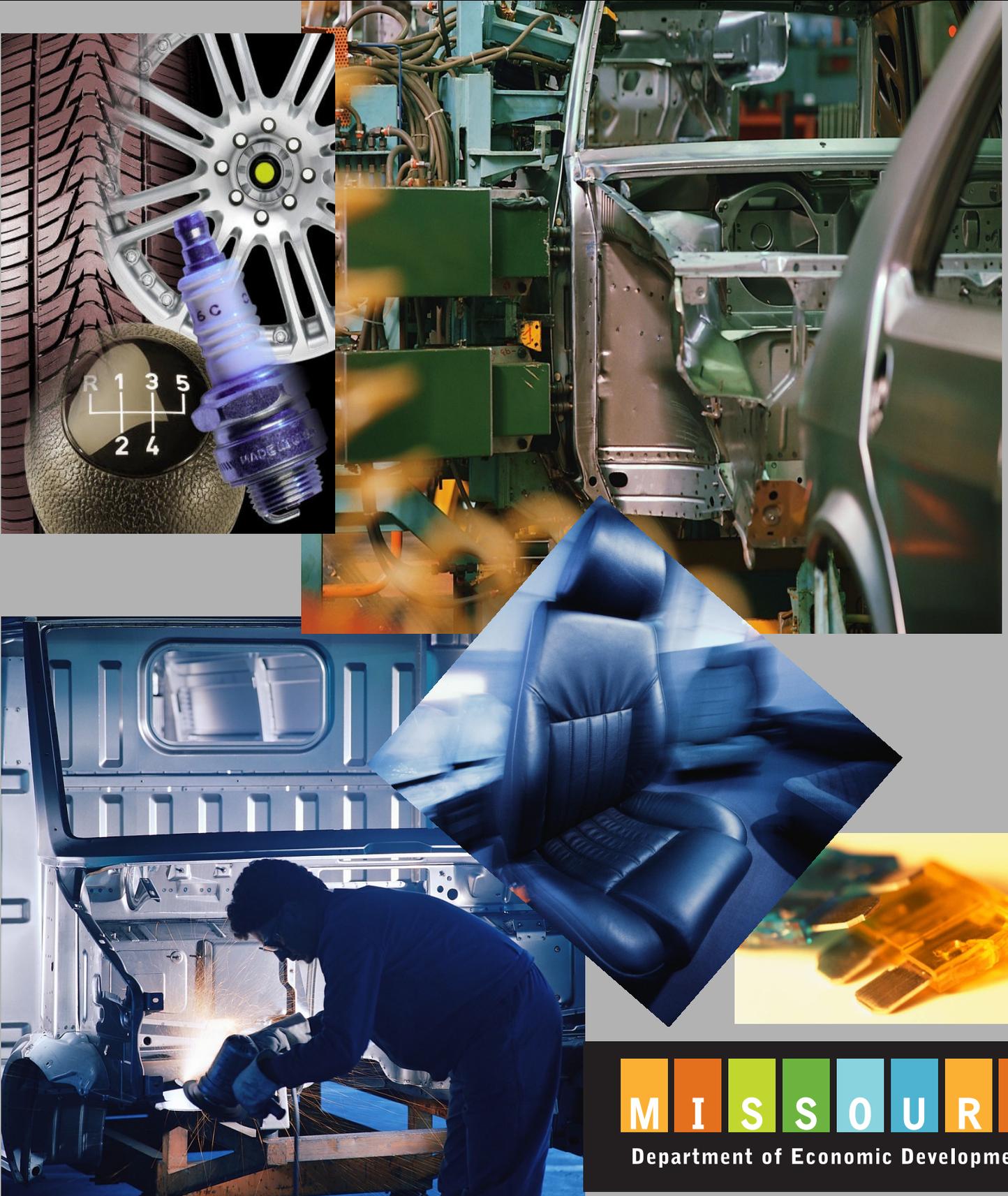


MISSOURI AUTOMOTIVE MANUFACTURING JOBS

2013 ANNUAL REPORT



M I S S O U R I

Department of Economic Development

Missouri Automotive Manufacturing Jobs Act Annual Report for 2013

The Missouri Automotive Manufacturing Jobs Act was introduced and passed during the 2010 Legislative Special Session, and Section 620.1910 RSMo became effective on October 12, 2010. The purpose of the program is to allow qualified manufacturing facilities or suppliers that invest in next-generation production lines in existing Missouri facilities to retain withholding taxes typically remitted to the state.

A report is required each year to provide the following information:

- Names of the participating qualified manufacturing companies or qualified suppliers
- Location of such companies or suppliers
- The annual amount of benefits provided
- The estimated net state fiscal impact including direct and indirect new state taxes derived
- Number of new jobs created or jobs retained

Program Requirements

The program provides incentives for job retention to automotive manufacturing facilities for a period of 10 years and for job creation to suppliers of automotive manufacturing companies in the state for 3 to 5 years, depending on the wages of the new jobs. A Notice of Intent (NOI) is submitted by the company and the Department provides either an approval or rejection within 30 days of receipt. Failure by the Department to provide a response within that timeframe is deemed an approval. Within six months of the NOI approval, the qualified manufacturing company shall enter into an agreement with the department that memorializes the content of the NOI, the requirements of the program and the consequences for failing to meet such requirements.

Qualified manufacturer eligibility requirements are as follows:

- NAICS code is 33611;
- Manufacture goods at a facility in Missouri throughout the period in which the company receives benefits and;
- Make a capital investment of at least \$75,000 per retained job for a new product or \$50,000 per retained job for the modification or expansion of an existing product within two years of beginning to retain withholding taxes.

Qualified supplier eligibility requirements are as follows:

- Attest to the Department that it derives more than 10% of its total annual sales revenue from sales to a qualified manufacturing company;
- Adds five or more new jobs;
- Pays wages for the new jobs that are equal to or exceeds the county average wage for Missouri as determined by the department using the NAICS industry classifications but are not less than 60% of the statewide average wage; and provides health insurance for all full-time jobs and pays at least 50% of the insurance premiums.

Annual Benefit

The benefits for the MO Automotive Manufacturing Act are retained withholdings for both retention as a qualified manufacturer or new jobs as a qualified supplier. Beginning January 1, 2012, the qualified manufacturer may retain 100% of the withholding taxes from full-time jobs at the facility for 10 years if it manufactures a new product or retain 50% of withholding taxes from full-time jobs for seven years if it modifies or expands an existing product.

The benefits for a qualified supplier are to retain 100% of the withholding taxes from new jobs for three years. If the qualified supplier pays wages for the new jobs that are equal to or greater than 120% of the county average wage for Missouri as determined by the department using NAICS industry classifications, it can retain the withholding taxes for five years.

The funding limit for this program is \$10 million per year for any one qualified manufacturing company and limits the aggregate amount of retained withholding taxes by all qualified manufacturing companies to \$15 million per year. There are no limits on the aggregate amounts for qualified suppliers under this program.

Manufacturing Companies	# of Jobs Retained	Location	# of Years Authorized	Year 1 of Benefits	Total Authorized	Total Benefits Provided This CY	Total Benefits Provided To Date in Program
Ford Motor Co.	3850	Claycomo	10	2014	\$100,000,000	\$0	\$0
General Motor LLC	1348	Wentzville	10	2013	\$ 50,000,000	\$ 3,671,190	\$ 3,671,190

Auto Supplier Companies	# of Jobs Created	Location	# of Years Authorized	Year 1 of Benefits	Total Authorized	Total Benefits Provided This CY	Total Benefits Provided To Date in Program
Faurecia Automotive Seating	141	Wentzville	3	2014	\$ 548,632	\$0	\$0
Henniges Automotive Seating	200	New Haven	3	2014	\$ 547,677	\$0	\$0

Net State Fiscal Impact

The Missouri Economic Research Center has estimated the economic Contribution impact of the Missouri Automotive Manufacturing Jobs Act using the REMI Missouri Regional Economic Model. The two qualified manufacturing companies were calculated separately to ensure a succinct and concise representation of their individual contribution to the state. Key findings for each of the manufacturing company’s impact include:

BENEFIT : COST ANALYSIS (includes only state revenue impacts)		
MMJ – Manufacturers	Fiscal Period (15 years)	Derivation of Benefits
BENEFITS		Investment: (a) \$390,750,000 in durable equipment spending in 2013 – 2015. Employment: Contribution 5,198 jobs retained in motor vehicle manufacturing at a specified wage rate in 2013 – 2027. Other Assumptions: (a) real wage growth starting in 2015. Incentives: (a) authorized to retain estimated withholdings \$141,828,532 during 2013-2027. Impacts occur in Missouri. Assumptions provided by DED. Estimated using REMI-PI+v1.5
Direct Fiscal Benefits	\$780,915,191	
Indirect Fiscal Benefits	\$279,185,396	
Total	\$1,060,100,586	
COSTS		
Direct Fiscal Costs	\$129,182,995	
Indirect Fiscal Costs	\$0	
Total	\$129,182,995	
BENEFIT: COST	8.21	

BENEFIT : COST ANALYSIS (includes only state revenue impacts)		
MMJ - Suppliers	Fiscal Period (15 years)	Derivation of Benefits
BENEFITS		Employment: (a) 341 new jobs in motor vehicle parts manufacturing at a specified wage rate in 2014 – 2027. Other Assumptions: (a) real wage growth starting in 2015. Incentives: (a) authorized to retain estimated withholdings \$1,096,309 in MMJ, Customized Training of \$75,000, and DTC tax credits of \$250,000 during 2014. No Cap on withholdings for Qualified Suppliers. Impacts occur in MO. Assumptions provided by DED. Estimated using REMI-PI+v1.5
Direct Fiscal Benefits	\$46,227,012	
Indirect Fiscal Benefits	\$15,174,609	
Total	\$61,401,620	
COSTS		
Direct Fiscal Costs	\$1,385,960	
Indirect Fiscal Costs	\$0	
Total	\$1,385,960	
BENEFIT: COST	44.30	