

**To:** DED Tax Credit Program Applicants  
**From:** Sallie Hemenway, ED Operations Director  
**Date:** August 30, 2005  
**Re:** Tax Credit Issuance Fee

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The 2005 legislative session provided authority (SB343 subsequently signed into law) to the Department of Economic Development to collect a fee of up to 2.5 percent of the value of the issuance of most tax credit programs. Programs exempted by statute and those where the fee is determined to be zero at this time are listed at the end of this memorandum.

The implementation of this fee will take effect on all applications received by the Department (and subsequently approved) after September 7, 2005. The fee shall require a payment of 2.5 percent of the requested amount of the issuance. The fee shall be payable prior to the issuance for deposit in the Economic Development Advancement Fund.

Applications for discretionary tax credit programs currently held by the Department pending the approval shall not be subject to the fee.

Pre-applications or applications for entitlement tax credit programs currently held by the department where hard construction commences by October 15, 2005 (as indicated by invoice or other source documentation) shall not be subject to the fee.

Applications for programs that may qualify annually for multiple year tax credit issuances shall be subject to the fee in the first year if the application or documentation is received after September 7, 2005. All on-going projects for these types of credits shall be subject to the fee in future years per this notice.

The purpose of the legislative authority is both to assist in off-setting administrative costs and to apply the funds in a manner that markets the state to increase future related business interests in Missouri.

Program administrators will provide successful applicants more detailed information regarding payment processes. Please do not hesitate to contact them individually or you may contact me at 573-522-4173 with any questions.

Programs exempt or with no 2.5 percent fee applied:

- Neighborhood Assistance Program
- Youth Opportunities Program
- Family Development Account
- Small Business Incubator
- Rebuilding Communities 1.5% Employee Credit
- Missouri Housing Development Commission- administered tax credit programs
- Missouri Development Finance Board-administered tax credit programs