

TAX CREDIT ANALYSIS

Program Name: Bank Tax Credit for S Corporation Shareholders

Department: Revenue **Contact Name & No.:** Joel Allison, 751-0191 **Date:** October 2011

Program Category: Financial and Insurance **Type:** Tax Credit **Other (specify)** _____

Statutory Authority: Section 143.471, RSMo **Applicable Taxes:**

Program Description and Eligibility Requirements:
 The tax credit authorized in Section 143.471, RSMo, shall be permitted only to the shareholders that qualify as S corporation shareholders, provided the stock at all times during the taxable period qualifies as S corporation stock as defined in 26 U.S.C. Section 1361, and such stock is held by the shareholder during the taxable period. A pro rata share of the tax credit for the tax payable pursuant to Chapter 148, RSMo, shall be allowed against each S corporation shareholder's state income tax, provided the bank otherwise complies with Section 148.112, RSMo.

Explanation of How Award is Computed: Entitlement _____ Discretionary _____
 The credit allowed by Section 143.471, RSMo, shall be equal to the bank tax calculated pursuant to Chapter 148, RSMo, based on bank income in 1999 and after, on a bank that makes an election pursuant to 26 U.S.C. Section 1362, and such credit shall be allocated to the qualifying shareholder according to stock ownership, determined by multiplying a fraction where the numerator is the shareholder's stock, and the denominator is the total stock issued by such bank or bank holding company.

Program Cap: Cumulative \$ _____ (remainder of cumulative cap) \$ _____ Annual \$ _____ None _____

Explanation of cap:

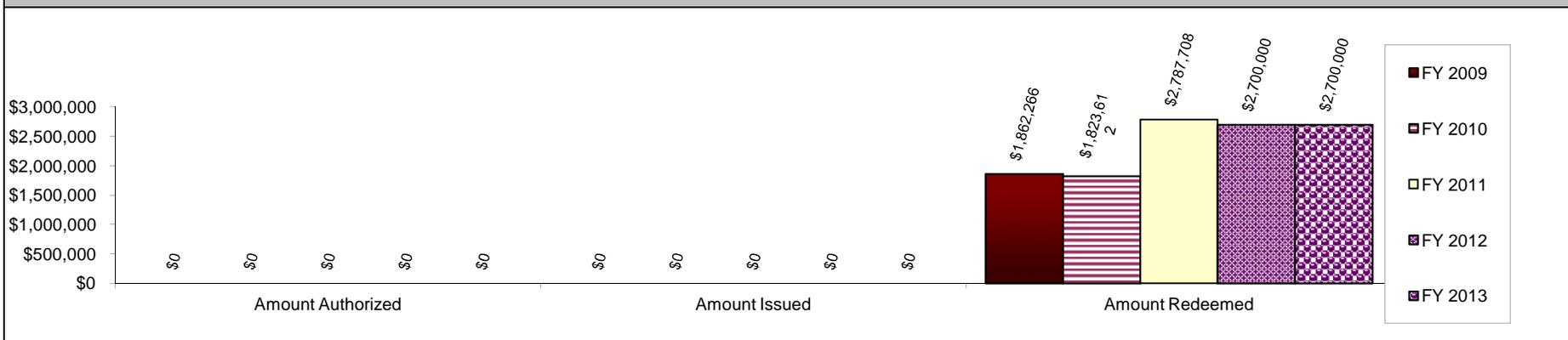
Explanation of Expiration of Authority:

Specific Provisions: (if applicable)
 Carry forward 5 years Carry Back _____ years Refundable _____ Sellable/Assignable _____ Additional Federal Deductions Available _____

Comments on Specific Provisions:

	FY 2009 ACTUAL	FY 2010 ACTUAL	FY 2011 ACTUAL	FY 2012(current year)	FY 2013 (budget year)
Certificates Issued (#)	0	0	0	0	0
Projects (#)	0	0	0	0	0
Amount Authorized	\$0	\$0	\$0	\$0	\$0
Amount Issued	\$0	\$0	\$0	\$0	\$0
Amount Redeemed	\$1,862,266	\$1,823,612	\$2,787,708	\$2,700,000	\$2,700,000
EST. Amount Outstanding	N/A	N/A	\$2,235,060	N/A	N/A
EST. Amount Authorized but Unissued	N/A	N/A	\$0	N/A	N/A

HISTORICAL AND PROJECTED INFORMATION



TAX CREDIT ANALYSIS

Program Name: Bank Tax Credit for S Corporation Shareholders

Comments on Historical and Projected Information:

BENEFIT: COST ANALYSIS (includes only state revenue impacts)

	FY 2011 ACTIVITY	Other Fiscal Period (indicated time period)	Derivation of Benefits: The Department of Revenue, with the assistance of the Missouri Department of Economic Development, used the Regional Economic Models, Inc. (REMI) model for generating cost-benefit analysis for the tax credit programs as required by Section 33.282 RSMo. REMI 8.0.5 model assumptions: \$2,787,708 reduction to personal income taxes in 2011.
BENEFITS			
Direct Fiscal Benefits	\$0	\$0	
Indirect Fiscal Benefits	\$36,156	\$36,156	
Total	\$36,156	\$36,156	
COSTS			
Direct Fiscal Costs	\$2,787,708	\$2,787,708	
Indirect Fiscal Costs	\$0	\$0	
Total	\$2,787,708	\$2,787,708	
BENEFIT: COST	0.01	0.01	

Other Benefits:

In Fiscal Year 2011, every dollar of authorized program credits returns:

\$0.26 in new personal income totaling	\$0.72 million
\$0.52 in new value-added/GSP totaling	\$1.44 million
\$0.79 in new economic output totaling	\$2.20 million

Over ten years, every dollar of authorized program tax credits returns:

\$0.26 in new personal income totaling	\$0.72 million
\$0.52 in new value-added/GSP totaling	\$1.44 million
\$0.79 in new economic output totaling	\$2.20 million

PERFORMANCE MEASURE(S)

Comments on Performance Measure: