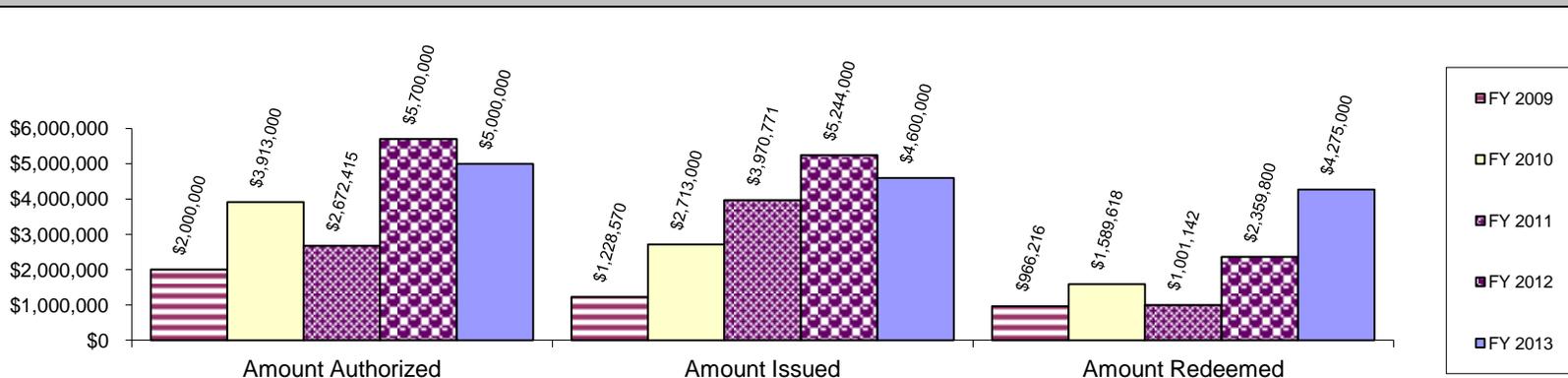


## TAX CREDIT ANALYSIS

<b>Program Name:</b> Development Tax Credit (DTC)	
<b>Department:</b> Economic Development	<b>Contact Name &amp; No.:</b> Brenda Horstman 751-3713
<b>Date:</b> October 2011	
<b>Program Category:</b> Business Recruitment	<b>Type:</b> Tax Credit <input checked="" type="checkbox"/> Other (specify) _____
<b>Statutory Authority:</b> 32.100 to 32.125, RSMo	<b>Applicable Taxes:</b> Income tax, Corporate franchise tax, Bank tax, Insurance premium tax, Other financial Institutions tax, Express company tax
<b>Program Description and Eligibility Requirements:</b> Donations must be made to a non-profit corporation; specified number of jobs must be created within 2 years and maintained for 5 years; application must have the local agency's endorsement; project must be located in a distressed or blighted area; and, the benefiting business must be a for-profit business.	
<b>Explanation of How Award is Computed:</b> Entitlement _____ Discretionary <input checked="" type="checkbox"/> The tax credit is equal to 50% of a contribution made to a non-profit corporation. The non-profit uses the contributed funds to purchase assets that would be leased to an approved business.	
<b>Program Cap:</b> Cumulative \$ _____ (remainder of cumulative cap) \$ _____ Annual \$ 6 million _____ None _____	
<b>Explanation of cap:</b> Credits may not exceed \$4 million for any one fiscal year, except that for fiscal years 2005, 2006 and 2007 credits shall not exceed \$6 million per fiscal year. SB 1155 (2004). Effective August 28, 2008, the cap is \$6 million.	
<b>Explanation of Expiration of Authority:</b>	
<b>Specific Provisions:</b> (if applicable) Carry forward <u>5</u> years Carry Back _____ years Refundable _____ Sellable/Assignable <input checked="" type="checkbox"/> Additional Federal Deductions Available _____	
<b>Comments on Specific Provisions:</b>	

	FY 2009 ACTUAL	FY 2010 ACTUAL	FY 2011 ACTUAL	FY 2012 (current year)	FY 2013 (budget year)
Certificates Issued (#)	6	4	8	7	6
Projects (#)	1	6	6	5	4
Amount Authorized	\$2,000,000	\$3,913,000	\$2,672,415	\$5,700,000	\$5,000,000
Amount Issued	\$1,228,570	\$2,713,000	\$3,970,771	\$5,244,000	\$4,600,000
Amount Redeemed	\$966,216	\$1,589,618	\$1,001,142	\$2,359,800	\$4,275,000
EST. Amount Outstanding	N/A	N/A	\$5,640,081	N/A	N/A
EST. Amount Authorized but Unissued	N/A	N/A	\$2,201,644	N/A	N/A

### HISTORICAL AND PROJECTED INFORMATION



**Comments on Historical and Projected Information:**

## TAX CREDIT ANALYSIS

**Program Name:** Development Tax Credit (DTC)

### BENEFIT: COST ANALYSIS (includes only state revenue impacts)

	FY 2010 ACTUAL	Other Fiscal Period (10 years)
<b>BENEFITS</b>		
Direct Fiscal Benefits	\$342,795	\$2,691,559
Indirect Fiscal Benefits	\$185,880	\$1,459,498
<b>Total</b>	<b>\$528,675</b>	<b>\$4,151,057</b>
<b>COSTS</b>		
Direct Fiscal Costs	\$445,403	\$2,527,961
Indirect Fiscal Costs	\$0	\$0
<b>Total</b>	<b>\$445,403</b>	<b>\$2,527,961</b>
<b>BENEFIT: COST</b>	<b>1.19</b>	<b>1.64</b>

**Derivation of Benefits**

**Investment:** (a) \$5,344,830 in durable equipment spending in 2011.

**Employment:** (a) 79 new jobs (0 displaced) in fabricated metal and chemical manufacturing, and in professional/technical services at average wages between 2011-2020; 3,735 retained jobs in securities and professional services between 2011-2020.

**Other Assumptions:** (a) real wage growth begins in 2012.

**Incentives/Credits:** (a) \$2,672,415 in authorized DTC credits, redeemed between 2011-2016. Impacts occur in the Statewide Region. Assumptions provided by DED. Estimated using REMI-PI+Statewide Model (remi-fiscal-PI+aug11).

The multi-year fiscal Benefit-Cost Ratio is 0.81 when other program incentives are included

**Other Benefits:**

**In FY-2011, every dollar of authorized program tax credits returns**

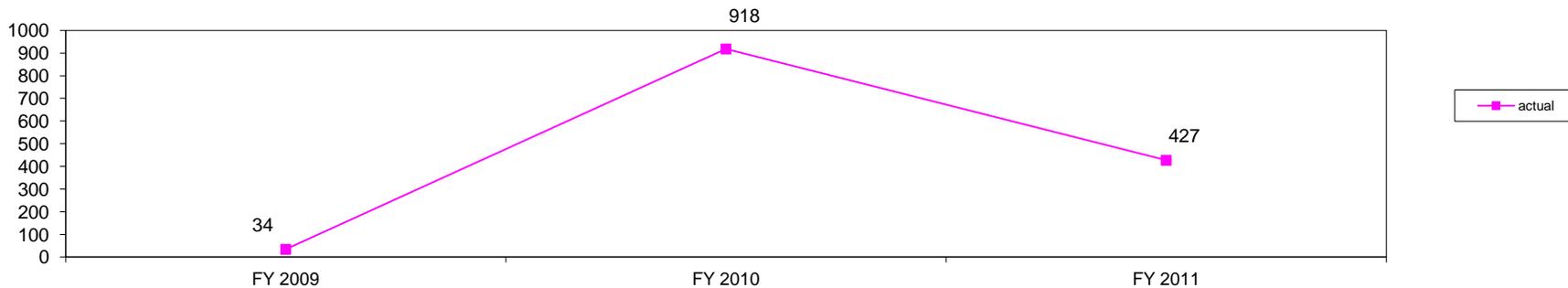
\$18.40 in new personal income totaling	\$8.19 million
\$38.81 in new value-added/GSP totaling	\$17.29 million
\$77.54 in new economic output totaling	\$34.54 million

**Over 10 YEARS, every dollar of authorized program tax credits returns**

\$37.54 in new personal income totaling	\$94.89 million
\$69.84 in new value-added/GSP totaling	\$176.55 million
\$140.01 in new economic output totaling	\$353.94 million

### PERFORMANCE MEASURE(S)

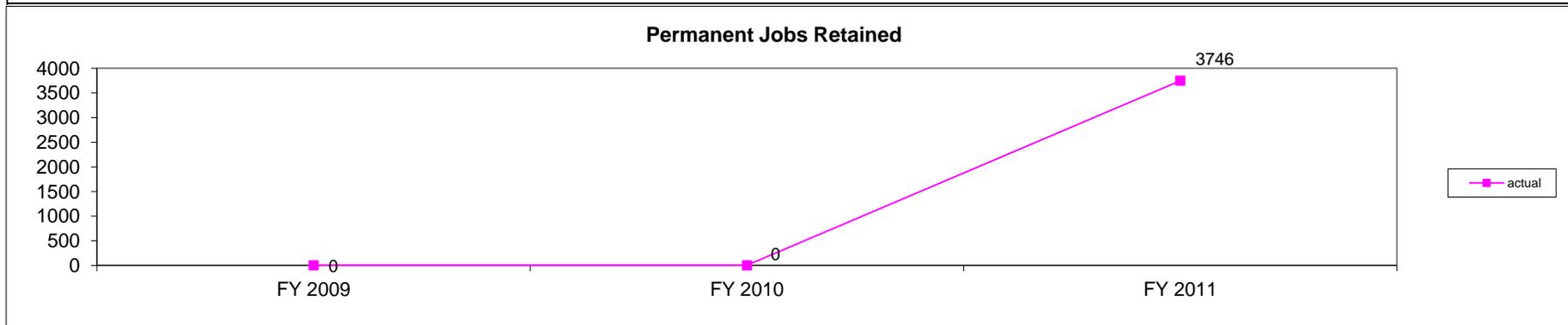
#### Permanent New Jobs Created



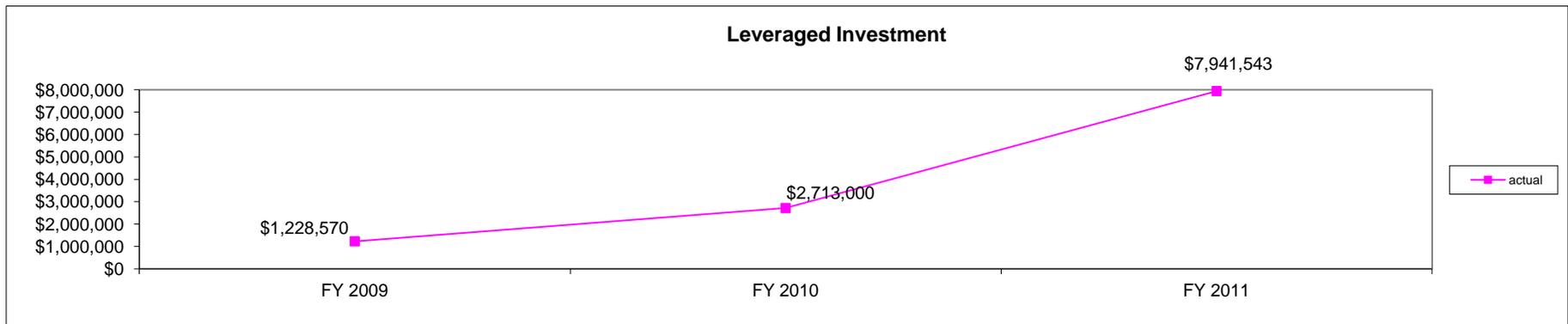
**Comments on Performance Measure:** Numbers reflect the companies that were within their 2-year job creation reporting period or in their 5 year maintenance reporting period during FY reported.

## TAX CREDIT ANALYSIS

**Program Name:** Development Tax Credit (DTC)



**Comments on Performance Measure:** Numbers reflect the companies that were within their 2-year job creation reporting period or in their 5 year maintenance reporting period during FY reported.



**Comments on Performance Measure:**