

TAX CREDIT ANALYSIS

Program Name: Rebuilding Communities																													
Department: Economic Development		Contact Name & No.: Brenda Horstman 751-3713		Date: October 2012																									
Program Category: Business Recruitment			Type: Tax Credit <input checked="" type="checkbox"/> Other (specify) _____																										
Statutory Authority: 135.535, RSMo			Applicable Taxes: Income tax, Corporate franchise tax, Bank tax, Insurance premium tax, Other financial institutions tax																										
Program Description and Eligibility Requirements: Provides a tax credit for eligible businesses locating, relocating or expanding within a distressed community. A business must have fewer than 100 full-time employees, 75% of which must be located in the distressed community, and be primarily engaged in manufacturing, biomedical, medical devices, scientific research, animal research, computer software design or development,																													
Explanation of How Award is Computed: Entitlement <input checked="" type="checkbox"/> Discretionary _____ The tax credit is equal to either 40% or 25% of eligible equipment purchases, depending on whether the business is new or existing, or 40% of state income taxes due. A 1.5% employee tax credit is also available to businesses who receive one of the 40% credits and is based on an employee's gross salary. The 40% income tax credit is limited to \$125,000 per year for three years. The 40% and 25% equipment credits are limited to \$75,000 per year for four years.																													
Program Cap: Cumulative \$ _____ (remainder of cumulative cap) \$ _____ Annual \$ 8 million _____ None _____ Explanation of cap: Total credits issued under this program may not exceed \$8 million per year. The 25% equipment credits are further limited to \$750,000 per year. (Note that 620.1881, RSMo - the Missouri Quality Jobs Act - reduced the cap from \$10 million to \$8 million).																													
Explanation of Expiration of Authority: _____																													
Specific Provisions: (if applicable) Carry forward <input type="checkbox"/> 5 years Carry Back <input type="checkbox"/> 3 years Refundable _____ Sellable/Assignable <input checked="" type="checkbox"/> Additional Federal Deductions Available _____																													
Comments on Specific Provisions: The 1.5% employee credits are sellable/assignable only.																													
	FY 2010 ACTUAL	FY 2011 ACTUAL	FY 2012 ACTUAL	FY 2013 (current year)	FY 2014 (budget year)																								
Certificates Issued (#)	433	320	178	300	300																								
Projects (#)	33	47	62	50	50																								
Amount Authorized	\$1,419,758	\$1,641,452	\$3,122,176	\$3,000,000	\$3,000,000																								
Amount Issued	\$1,419,758	\$1,444,107	\$1,883,336	\$2,310,000	\$2,310,000																								
Amount Redeemed	\$1,553,894	\$1,277,135	\$1,388,190	\$2,055,900	\$2,055,900																								
EST. Amount Outstanding	N/A	N/A	\$2,972,961	N/A	N/A																								
EST. Amount Authorized but Unissued	N/A	N/A	\$4,322,068	N/A	N/A																								
HISTORICAL AND PROJECTED INFORMATION																													
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Comments on Historical and Projected Information:																													

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BENEFIT: COST ANALYSIS (includes only state revenue impacts)											
	FY 2012 ACTUAL	Other Fiscal Period (5 years)	Derivation of Benefits Investment: (a) \$9,691,695.38 in Durable Equipment Demand in 2012. Employment: (a) n/a Other Assumptions: (a) Estimated annual Professional Technical and Misc. Manufacturing industry sales of \$347,311 between years 2011-2020. Modeled not to increase direct employment within the industry. Incentives/Credits: (a) \$3,122,176.24 in authorized Rebuilding Communities tax credits in 2012, redeemed between 2012-2017. Impacts estimated using the REMI model for the Statewide Region. Assumptions provided by DED.								
BENEFITS											
Direct Fiscal Benefits	\$266,973	\$273,966									
Indirect Fiscal Benefits	\$56,665	\$58,149									
Total	\$323,638	\$332,115									
COSTS											
Direct Fiscal Costs	\$520,363	\$2,980,743									
Indirect Fiscal Costs	\$0	\$0									
Total	\$520,363	\$2,980,743									
BENEFIT: COST	0.62	0.11									
Other Benefits:											
In FY-2012, every dollar of authorized program tax credits returns		Over 10 Years, every dollar of authorized program tax credits returns									
\$2.35 in new personal income totaling	\$1.22 million	\$0.78 in new personal income totaling	\$2.32 million								
\$5.22 in new value-added/GSP totaling	\$2.72 million	\$2.23 in new value-added/GSP totaling	\$6.65 million								
\$8.45 in new economic output totaling	\$4.39 million	\$3.69 in new economic output totaling	\$10.99 million								
PERFORMANCE MEASURE(S)											
New Investment											
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Comments on Performance Measure:											