



MISSOURI TAX CREDIT REVIEW COMMISSION

October 29, 2010

Chairman Gross and Chairman Stogel:

We hereby submit the attached report from the Economic Development Tax Credit Committee for consideration by the Missouri Tax Credit Review Commission. We are pleased to report that the committee achieved consensus on each of its individual recommendations as well as the report as a whole.

The committee was assigned to review the following ten tax credit programs:

- BUILD
- Business Facility
- Development Tax Credit
- Enhanced Enterprise Zone
- Film Production
- MDFB Bond Guarantee
- MDFB Infrastructure Development
- Quality Jobs
- Rolling Stock
- Business Incubator

The committee conducted meetings in person and by conference call that were posted and open to the public in compliance with the Missouri Open Meetings Law. Minutes of the committee's work will be available to the public via the Tax Credit Review Commission website at <http://tcrc.mo.gov>. During the meetings, technical support was provided by staff of the Department of Economic Development and Missouri Development Finance Board.

The Economic Development Committee approached its task by establishing a series of guiding principles related to the use of business development tax credits to promote economic development. The committee then applied these guiding principles to evaluate each of the existing tax credit programs assigned to the committee. The

committee reviewed each of the assigned tax credits and developed three recommendations regarding the assigned credits.

The first recommendation is program-specific and classifies each assigned credit into one of four categories A, B, C, or D, as defined in the memorandum submitted to the Commission by Commissioner Van Matre. The second recommendation provides a global framework for improving Missouri's toolkit by replacing various economic development tax credit programs with one unified economic development tax credit program. The third recommendation establishes a new Angel Tax Credit Program to address the financing gap that serves as an obstacle to growing new businesses in the State by utilizing the existing cap on the Film Tax Credit (\$4.5 million).

The committee circulated a draft of this report to the Missouri economic development community for feedback and their comments are included as attachments to the final report.

Please review our recommendations and when necessary do not hesitate to call upon us to present them to the Commission as a whole.

Respectfully,

Economic Development Tax Credit Committee

Pete Levi, Co-Chair

Jim Anderson, Co-Chair

Senator Jolie Justus

Representative Tim Flook

Representative Sam Komo

Ray Wagner

Melissa Randol

Dave Kendrick

Alan Marble