

TAX CREDIT ANALYSIS

Program Name: Business Use Incentives for Large-scale Development (BUILD)		
Department: Economic Development	Contact Name & No.: Krystal Davis 751-8479	Date: October 2012
Program Category: Business Recruitment	Type: Tax Credit <input checked="" type="checkbox"/> Other (specify) _____	
Statutory Authority: 100.700 - 100.850, RSMo	Applicable Taxes: Income Tax; Bank Tax; Insurance Premium Tax; Other Financial Institution Tax	

Program Description and Eligibility Requirements:
 The incentives offered by the BUILD Missouri Program are designed to offset infrastructure and other capital costs of certain large projects by making the cost of investing in Missouri more competitive. The costs are financed through the issuance by the Board of certificates (bonds or notes) the principal and interest on which will be repaid by the business. Businesses are then reimbursed for these repayments through the issuance by the Board of Missouri State income tax credits. The businesses may use these credits against taxes, which would otherwise be due, or to obtain a refund if the business has no Missouri income tax liability. All businesses that manufacture, process (including agricultural processing) or assemble products are eligible. Businesses that conduct research and development or provide services in interstate commerce are also eligible. Certain office industries are also eligible. A manufacturing business must invest a minimum of \$15 million and 100 new jobs. An office business must invest a minimum of \$10 million and 500 jobs. There are other factors.

Explanation of How Award is Computed: Entitlement _____ Discretionary
 The award is computed based on principal, interest and board fees annually and limited to be no more that 5% of gross wages of each eligible employee whose job was created as a result of the project.

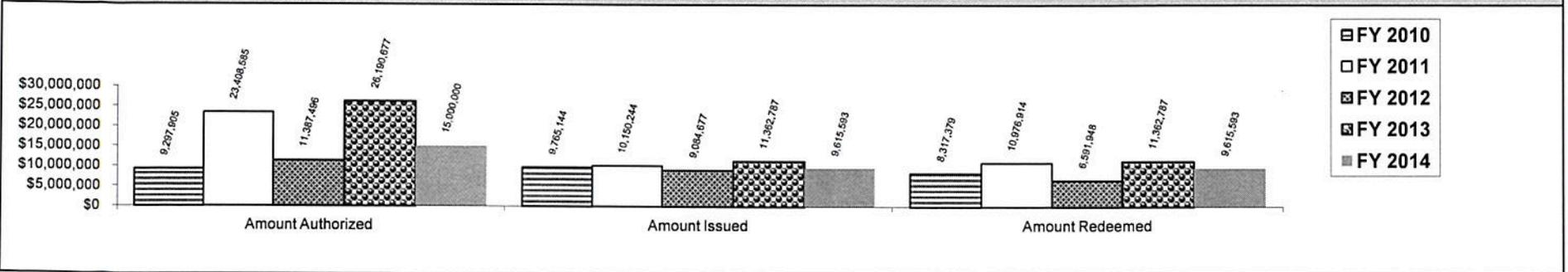
Program Cap: Cumulative \$ _____ (remainder of cumulative cap) \$ _____ Annual \$ 25 million None _____
Explanation of cap:
 Aggregate amount of debt reduction assessments of all companies with bonds outstanding and still active shall not exceed \$25 million annually.

Explanation of Expiration of Authority:

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

	FY 2010 ACTUAL	FY 2011 ACTUAL	FY 2012 ACTUAL	FY 2013 (current year)	FY 2014 (budget year)
Certificates Issued (#)	33	26	28	35	38
Projects (#)	33	26	28	30	37
Amount Authorized	\$9,297,905	\$23,408,585	\$11,387,496	\$26,190,677	\$15,000,000
Amount Issued	\$9,765,144	\$10,150,244	\$9,084,677	\$11,362,787	\$9,615,593
Amount Redeemed	\$8,317,379	\$10,976,914	\$6,591,948	\$11,362,787	\$9,615,593
EST. Amount Outstanding	N/A	N/A	\$11,773,054	N/A	N/A
EST. Amount Authorized but Unissued	N/A	N/A	\$92,414,670	N/A	N/A

HISTORICAL AND PROJECTED INFORMATION



TAX CREDIT ANALYSIS

Program Name: Business Use Incentives for Large-scale Development (BUILD)

Comments on Historical and Projected Information:

BENEFIT: COST ANALYSIS (includes only state revenue impacts)

	FY 2012 ACTUAL	Other Fiscal Period (15 years)
BENEFITS		
Direct Fiscal Benefits	\$5,153,266	\$55,114,599
Indirect Fiscal Benefits	\$2,409,002	\$25,764,473
Total	\$7,562,268	\$80,879,072
COSTS		
Direct Fiscal Costs	\$759,166	\$9,884,661
Indirect Fiscal Costs		
Total	\$759,166	\$9,884,661
BENEFIT: COST	9.96	8.18

Derivation of Benefits:

Investment: (a) \$129,244,550 in Non-residential Investment Demand in 2012, (b) \$50,984,145 in durable equipment spending in 2012.

Employment: (a) 705 jobs in Electronics and Computer Manufacturing, Motor Vehicle Manufacturing, Securities/Investments, Wholesale, and Insurance Industries at specified wage rates in 2012-2026.

Other Assumptions: (a) real wage growth starting in 2013.

Incentives/Credits: (a) \$11,387,496 in Authorized BUILD credits, redeemed in 2012-2026. Impacts estimated using the REMI model for the Statewide Region. Assumptions provided by DED.

The multi-year fiscal Benefit-Cost Ratio is 6.33 when other program incentives are included.

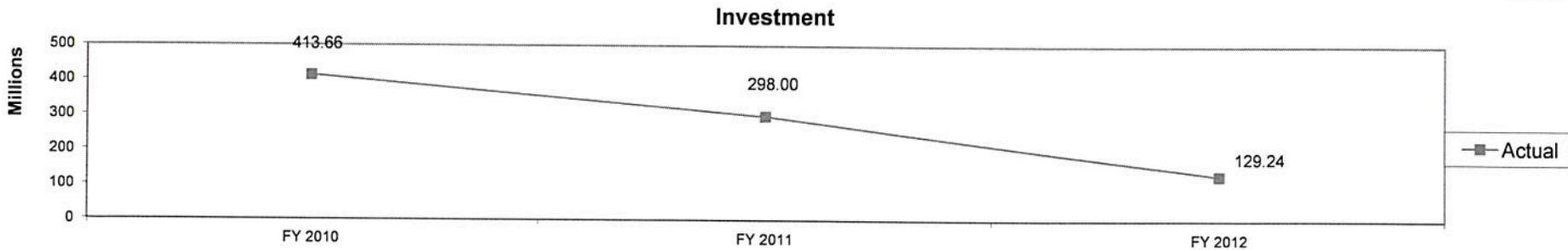
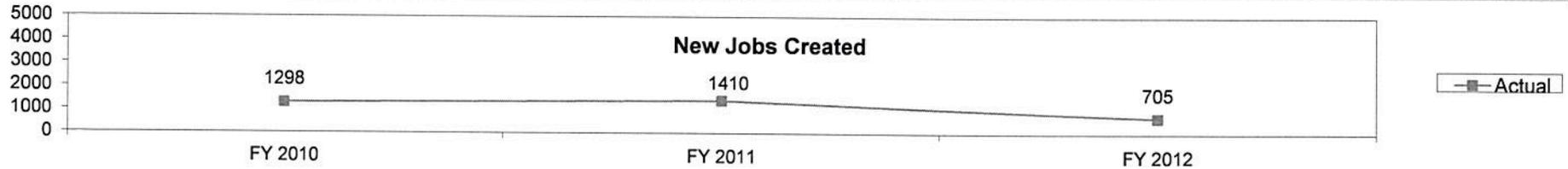
In FY 2012, every dollar of authorized program tax credits returns

\$101.96 in new personal income totaling \$77.41 million
 \$213.62 in new value-added/GSP totaling \$162.17 million
 \$423.25 in new economic output totaling \$321.32 million

Over 15 YEARS, every dollar of authorized program tax credits returns

\$126.93 in new personal income totaling \$1,254.65 million
 \$287.77 in new value-added/ GSP totaling \$2,844.54 million
 \$609.71 in new economic output totaling \$6,026.82 million

PERFORMANCE MEASURE(S)



Comments on Performance Measure:

TAX CREDIT ANALYSIS

Program Name: MDFB Bond Guarantee					
Department: Economic Development		Contact Name & No.: Krystal Davis 751-8479		Date: October 2012	
Program Category: Redevelopment		Type: Tax Credit <input checked="" type="checkbox"/> Other (specify) _____			
Statutory Authority: 100.297, RSMo		Applicable Taxes: Income Tax, excluding withholding tax; Corporate Franchise Tax, Bank Tax; Insurance Premium Tax; Other Financial Institutions Tax			
Program Description and Eligibility Requirements: The Tax Credit Bond Enhancement Program provides a tax credit enhancement on behalf of Public Entities for certain bonds. This program uses the Board's bond tax credits as collateral. Credits are <u>only redeemed</u> in the event of a default. Currently \$30,250,000 of the total is collateral for MDFB garage debt.					
Explanation of How Award is Computed: Entitlement _____ Discretionary <input checked="" type="checkbox"/> They are provided as additional security for the bonds. Tax credits are computed based on inability to meet debt service on bonds after all other resources are utilized and all compliance requirements are met on an annual basis. The credit is issued for the shortfall in an annual debt service payment.					
Program Cap: Cumulative <u>\$50 million</u> (remainder of cumulative cap) <u>\$48,812,870</u> Annual \$ _____ None _____					
Explanation of cap: A cumulative cap of \$50,000,000 the remainder \$48,812,870 that may continue to be utilized as bond enhancements expire.					
Explanation of Expiration of Authority:					
Specific Provisions: (if applicable) Carry forward <u>10</u> years Carry Back _____ years Refundable _____ Sellable/Assignable <u>Yes</u> Additional Federal Deductions Available _____					
Comments on Specific Provisions:					
	FY 2010 ACTUAL	FY 2011 ACTUAL	FY 2012 ACTUAL	FY 2013 (current year)	FY 2014 (budget year)
Certificates Issued (#)	1	0	0	0	0
Projects (#)	1	0	0	1	0
Amount Authorized	\$9,900,000	\$0	\$0	\$18,417,227	\$0
Amount Issued	\$0	\$0	\$0	\$0	\$0
Amount Redeemed	0	\$0	\$0	\$0	\$0
EST. Amount Outstanding	N/A	N/A	\$0	N/A	N/A
EST. Amount Authorized but Unissued	N/A	N/A	\$30,395,643	N/A	N/A
HISTORICAL AND PROJECTED INFORMATION					

Year	Amount Authorized	Amount Issued	Amount Redeemed
FY 2010	\$9,900,000	\$0	\$0
FY 2011	\$0	\$0	\$0
FY 2012	\$0	\$0	\$0
FY 2013	\$18,417,227	\$0	\$0
FY 2014	\$0	\$0	\$0

- FY 2010
- FY 2011
- FY 2012
- FY 2013
- FY 2014

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Program Name: MDFB Bond Guarantee			
Comments on Historical and Projected Information:			
BENEFIT: COST ANALYSIS (includes only state revenue impacts)			
	FY 2012 ACTUAL	Other Fiscal Period (indicated time period)	No Economic Activity to report for FY 2012 due to no new authorizations of credits
BENEFITS		31-Years	
Direct Fiscal Benefits			
Indirect Fiscal Benefits			
Total	\$0	\$0	
COSTS			
Direct Fiscal Costs			
Indirect Fiscal Costs			
Total	\$0	\$0	
BENEFIT: COST	0.00	0.00	