



MISSOURI QUALITY JOBS PROGRAM

MISSOURI DEPARTMENT OF ECONOMIC DEVELOPMENT

PURPOSE

Facilitate the creation of quality jobs by targeted business projects.

AUTHORIZATION

Section 620.1875-620.1900, RSMo

ELIGIBLE AREAS

Statewide.

ELIGIBLE APPLICANTS

For-profit and non-profit businesses [except for gambling, retail trade, food and drinking places, public utilities, educational services, ethanol distillation or production facilities, biodiesel production facilities, religious organizations, and public administration companies or businesses that are delinquent in non-protested taxes or other payments (state, federal or local), or any company that has filed for or has publicly announced its intention to file for bankruptcy.] Headquarters or administrative offices of otherwise excluded businesses that serve a multi-state area may qualify in some cases. The average wage of the new jobs must equal or exceed the county average wage (as published by DED), and the company must offer health insurance and pay at least 50% of the premium for all full-time employees in Missouri.

- **Average Wage:** Total annual payroll of the new jobs divided by the average annual number of new jobs.

ELIGIBILITY CRITERIA

The business must create a minimum number of new jobs at the project facility prior to the "deadline" date, based on the type of project:

- **Small/Expanding businesses:**
 - Rural areas: 20 or more new jobs within two years of the date of DED's approval.
 - Non-rural areas: 40 or more new jobs within two years of the date of DED's approval.

**Non-rural areas include the counties of Boone, Buchanan, Clay, Greene, Jackson, St. Charles, and St. Louis city and county.*

- **Technology businesses** (classified by NAICS codes):
 - 10 or more new jobs within two years of the date of DED's approval.
- **High Impact businesses:**
 - 100 or more new jobs within two years of the date of the hiring of the first new job, and the first new job must be within one year of the date of DED's approval.

PROGRAM BENEFITS/ELIGIBLE USES

For "Small/Expanding" businesses, the benefit of the program is the retention of the state withholding tax of the new jobs.

For "Technology" and "High Impact" businesses, the benefits of the program are (a) the retention of the state withholding tax of the new jobs; and (b) state tax credits, which are refundable, transferable and/or saleable. The program benefits are based on a percentage of the payroll of the new jobs. The program benefits are not provided until the minimum new job threshold is met and the company meets the average wage and health insurance requirements.

This tax credit can be applied to Chapter 143 (state income tax, excluding withholding tax) and Chapter 148 (financial institutions tax). Tax credits must be claimed within one year of the close of the taxable year that they were issued. Tax credits can only be applied to tax liability for the year in which they were earned. Any unused balance is refundable. The credits may also be transferred, sold or assigned.

The program benefits are calculated as follows:

Small/Expanding businesses:

Retain 100% of the withholding tax of the new jobs, each year for the benefit period of:

- Three years - if the average wage of new jobs is 100-119% of county average wage; or
- Five years - if the average wage of new jobs is at least 120% of county average wage.

Technology businesses:

5% of the payroll of the new jobs each year for five years; **plus:**

- "Average Wage Bonus"

High Impact businesses:

3% of the payroll of the new jobs each year for five years; **plus:**

- "Average Wage Bonus"
- "Local Incentives Bonus"

"Average Wage Bonus" (company average wage as a percentage of county average wage):

- Greater than 120% and up to 140%: 1/2% bonus of payroll of the new jobs.
- Greater than 140%: 1% bonus of payroll of the new jobs.

"Local Incentives Bonus" (amount of local incentives provided to the project as a percentage of the amount of new local tax revenues derived from the project, over 10 years):

- 10-24%: 1% bonus of payroll of the new jobs.
- 25-49%: 2% bonus of payroll of the new jobs.
- 50% or more: 3% bonus of payroll of the new jobs.

Each time the business meets the minimum new job threshold, it may start a new benefit period for the net new jobs created. There is no limit on the number of benefit periods a company may use the program, as long as a new Notice of Intent is completed and minimum new job thresholds and other program qualifications are met.

"New jobs" are defined as full-time (average 35 or more hours/week each year) employees of the company that are employed at the project facility, based on the increase from the "base employment" (the number of full-time jobs at the facility, or the average number for the twelve-month period prior to the Notice of Intent, whichever is higher, on the date DED receives the Notice of Intent). In the event the company (or a related company) reduced jobs at another facility in Missouri with related operations, the new jobs at the project facility would be reduced accordingly.

FUNDING LIMITS

There is no annual cap on the retained withholding taxes. Tax credits issued for the entire program shall not exceed \$80,000,000 per calendar year, and are provided on a first-come basis.

Revised September 2009

APPLICATION/APPROVAL PROCEDURE

An application ("Notice of Intent") may be submitted to DED at any time of the year by the business. Applications may be obtained at www.missouridevelopment.org. DED's approval will:

- Confirm that the type of project/business is eligible.
- Establish the date "base employment" is calculated.
- Reserve the estimated tax credits for the project.
- Establish the 2-year "deadline" date for the creation of the minimum new jobs to be eligible for the program.

REPORTING REQUIREMENTS

On an annual basis, the business must submit a report documenting the new jobs created, the total payroll, and confirming that the business meets the health insurance requirements for the new jobs. In the event that a company has not maintained the minimum program requirements, benefits will cease for the remainder of the benefit period. A high-impact project may continue as a small/expanding project as long as new jobs and other program requirements are met SB1099, or the Tax Credit Accountability Act Reporting Form must be submitted to Department of Economic Development by June 30th each year the company receives tax credits and for the three years following the end of the benefit period.

SPECIAL PROGRAM REQUIREMENTS

A business cannot earn benefits simultaneously at the project facility under this program if earning benefits under any of the following state programs:

- Missouri Enterprise Zone program or Enhanced Enterprise Zone program
- Business Facility program
- Rebuilding Communities program
- Brownfield Jobs and Investment tax credits

Special conditions apply when Quality Jobs is used at the same time as other programs that affect state withholding taxes (New Jobs Training, State TIF, MODESA).

Estimated state withholding taxes, based on adjusted gross income ("AGI"):

- AGI of \$19-25,000: 1.4%
- AGI of \$25-30,000: 2.3%
- AGI of \$30-35,000: 2.5%
- AGI of \$35-40,000: 2.7%
- AGI of \$40-50,000: 2.9%
- AGI of \$50-70,000: 3.1%
- AGI of \$70-85,000: 3.3%
- AGI of \$85-100,000: 3.4%
- AGI of \$100,000+: 3.7%

CONTACT

Missouri Department of Economic Development
Division of Business and Community Services
Business and Community Finance Team

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E-mail: dedfn@ded.mo.gov • Web: www.missouridevelopment.org



County average wages (effective until 7/1/10):

Average county wages are based on Census of Employment and Wages, MERIC Updates to be made annually. Use 2,080 hours per year when converting from annual to hourly wages.

County	Average Annual Wage	County	Average Annual Wage	County	Average Annual Wage
ADAIR	\$24,561	GREENE	\$33,571	OZARK	\$18,966
ANDREW	\$24,736	GRUNDY	\$30,720	PEMISCOT	\$25,877
ATCHISON	\$23,554	HARRISON	\$20,791	PERRY	\$29,040
AUDRAIN	\$29,787	HENRY	\$27,855	PETTIS	\$28,862
BARRY	\$28,865	HICKORY	\$16,962	PHELPS	\$27,357
BARTON	\$24,624	HOLT	\$25,104	PIKE	\$28,842
BATES	\$23,335	HOWARD	\$22,082	PLATTE	\$38,450
BENTON	\$20,623	HOWELL	\$25,896	POLK	\$24,273
BOLLINGER	\$22,399	IRON	\$42,504	PULASKI	\$23,662
BOONE	\$30,709	JACKSON	\$45,424	PUTNAM	\$20,819
BUCHANAN	\$33,196	JASPER	\$31,754	RALLS	\$33,832
BUTLER	\$26,838	JEFFERSON	\$29,945	RANDOLPH	\$28,778
CALDWELL	\$26,188	JOHNSON	\$25,049	RAY	\$25,857
CALLAWAY	\$34,567	KNOX	\$22,117	REYNOLDS	\$28,496
CAMDEN	\$26,082	LACLEDE	\$26,891	RIPLEY	\$19,005
CAPE GIRARDEAU	\$31,939	LAFAYETTE	\$25,983	ST CHARLES	\$37,137
CARROLL	\$28,315	LAWRENCE	\$27,237	ST. CLAIR	\$21,593
CARTER	\$17,028	LEWIS	\$26,190	STE. GENEVIEVE	\$35,543
CASS	\$28,586	LINCOLN	\$30,674	ST. FRANCOIS	\$25,130
CEDAR	\$22,103	LINN	\$26,687	ST LOUIS	\$49,192
CHARITON	\$25,160	LIVINGSTON	\$27,587	SALINE	\$27,263
CHRISTIAN	\$25,693	MCDONALD	\$26,387	SCHUYLER	\$21,682
CLARK	\$21,964	MACON	\$24,864	SCOTLAND	\$20,150
CLAY	\$42,025	MADISON	\$23,800	SCOTT	\$28,275
CLINTON	\$27,564	MARIES	\$26,481	SHANNON	\$18,113
COLE	\$34,391	MARION	\$29,129	SHELBY	\$23,694
COOPER	\$26,049	MERCER	\$25,460	STODDARD	\$26,662
CRAWFORD	\$29,319	MILLER	\$25,947	STONE	\$23,945
DADE	\$24,972	MISSISSIPPI	\$23,646	SULLIVAN	\$33,853
DALLAS	\$21,324	MONITEAU	\$24,866	TANEY	\$24,761
DAVIESS	\$21,082	MONROE	\$25,310	TEXAS	\$22,989
DEKALB	\$23,342	MONTGOMERY	\$25,251	VERNON	\$27,744
DENT	\$26,240	MORGAN	\$22,244	WARREN	\$29,086
DOUGLAS	\$29,076	NEW MADRID	\$35,103	WASHINGTON	\$21,534
DUNKLIN	\$21,595	NEWTON	\$32,547	WAYNE	\$19,964
FRANKLIN	\$31,612	NODAWAY	\$29,017	WEBSTER	\$25,914
GASCONADE	\$23,372	OREGON	\$19,767	WORTH	\$18,385
GENTRY	\$22,781	OSAGE	\$27,888	WRIGHT	\$23,703
				ST. LOUIS CITY	\$51,990*

* The average wage for the City of St. Louis was adjusted for the purposes of this program to more accurately reflect wage rates for 2008. After review of all counties, one time severance payments were determined to have an unusually large impact on average wage calculations for the city.

- Statewide average of \$40,710 applicable to any county over the statewide average when determining program eligibility.
- The wage represents an average for all private industries.
- If a project is moving from one Missouri county to a county with a lower county average wage, the company must obtain endorsement from the governing body of the community where the jobs are located, or the higher county average wage will be used for calculations.

TAX CREDIT ANALYSIS

Program Name: Quality Jobs		
Department: Economic Development	Contact Name & No.: Brenda Horstman 751-3713	Date: October, 2010
Program Category: Business Recruitment	Type: Tax Credit <input checked="" type="checkbox"/> Other (specify) Also retention of withholding tax of new jobs	
Statutory Authority: 620.1875 to 620.1890, RSMo	Applicable Taxes: Income tax, Bank tax, Insurance premium tax, Other financial institutions tax	

Program Description and Eligibility Requirements:
 For-profit and non-profit businesses except for gambling, retail trade, food and drinking places, public utilities, educational services, religious organizations, public administration, companies that are delinquent in non-protested taxes or other payments, or any company that has filed for or has publicly announced its intention to file for bankruptcy are eligible provided the average wage of the new jobs equals or exceeds the county average wage and the company offers health insurance and pays at least 50% of the premium. To qualify, the company must create a minimum number of new jobs at the project facility within 2 years.

Explanation of How Award is Computed: Entitlement Discretionary
 The benefits of the program are the retention of 100% of the state withholding tax of the new jobs for 3 or 5 years for small/expanding businesses (20+ new jobs in rural areas and 40+ new jobs in non-rural areas); or a combination of the retention of 100% of the state withholding tax of the new jobs and state tax credits for 5 years for technology businesses (10+ new jobs) and high impact businesses (100+ new jobs), based on a percentage (from 3 to 7%, depending on the average wage of the new jobs and the amount of local incentives) of the payroll of the new jobs.

Program Cap: Cumulative \$ _____ (remainder of cumulative cap) \$ _____ Annual \$ 80 million _____ None _____

Explanation of cap: The cap increased from \$40 million to \$60 million in tax credits beginning Aug. 2008. The cap increased to \$80 million beginning June 4, 2009. Up to \$3 million of the cap may be used for job retention projects approved by the Quality Jobs Advisory Task Force, with no tax credits issued after August 30, 2013. Up to \$500,000 of the cap may be used for small business job retention and flood relief projects, with no tax credits approved after August 30, 2010. The tax credit maximums applying to technology and high impact business projects were removed for newly approved projects as of June 4, 2009. There is no limit on the retention of withholding taxes.

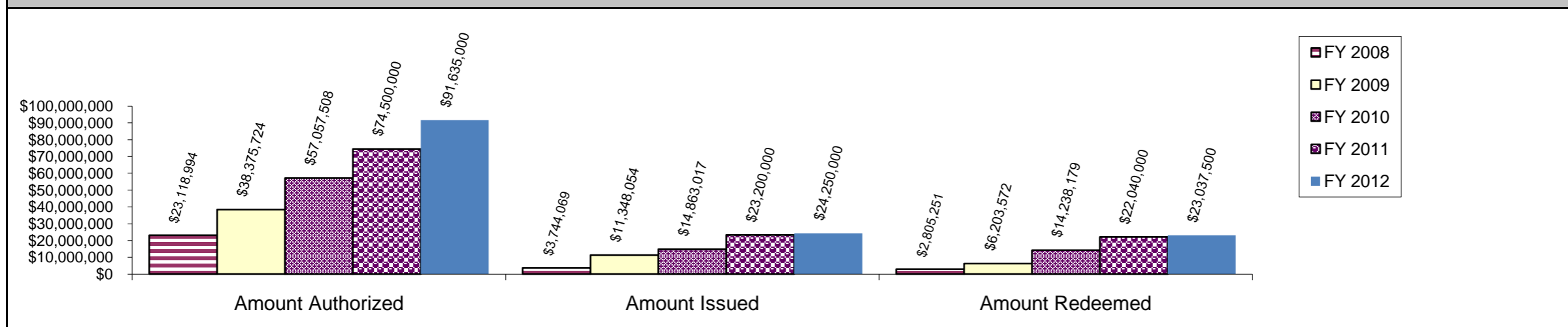
Explanation of Expiration of Authority: No tax credits shall be issued for job retention projects approved after August 30, 2013. No tax credits shall be issued for small business job retention and flood relief projects approved after August 30, 2010.

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

Comments on Specific Provisions:

	FY 2008 ACTUAL	FY 2009 ACTUAL	FY 2010 ACTUAL	FY 2011 (current year)	FY 2012 (budget year)
Certificates Issued (#)	17	22	38	76	85
Projects (#)	63	51	46	53	61
Amount Authorized	\$23,118,994	\$38,375,724	\$57,057,508	\$74,500,000	\$91,635,000
Amount Issued	\$3,744,069	\$11,348,054	\$14,863,017	\$23,200,000	\$24,250,000
Amount Redeemed	\$2,805,251	\$6,203,572	\$14,238,179	\$22,040,000	\$23,037,500
EST. Amount Outstanding	N/A	N/A	\$1,020,136	N/A	N/A
EST. Amount Authorized but Unissued	N/A	N/A	\$269,425,907	N/A	N/A

HISTORICAL AND PROJECTED INFORMATION



Comments on Historical and Projected Information:
 FY2010, the total amount authorized is for the 5 year period. In the past we have reported only what would be allocated to the appropriate year. \$81,717,502 was authorized in tax credits and withholdings in FY09 for 5 year period. 76,476,912 was authorized in tax credits and withholdings in FY08 for 5 year period. The amount issued includes both tax credits and withholdings retained.

TAX CREDIT ANALYSIS

Program Name: Quality Jobs		
BENEFIT: COST ANALYSIS (includes only state revenue impacts)		
	FY 2010 ACTUAL	Other Fiscal Period (10 years)
BENEFITS		
Direct Fiscal Benefits	\$27,273,660	\$198,871,951
Indirect Fiscal Benefits	\$24,760,202	\$180,544,514
Total	\$52,033,862	\$379,416,465
COSTS		
Direct Fiscal Costs	\$11,411,502	\$54,138,820
Indirect Fiscal Costs	\$0	\$0
Total	\$11,411,502	\$54,138,820
BENEFIT: COST	4.56	7.01

Derivation of Benefits:
Investment: (a) \$329,297,315 in non-residential investment in 2010.
Employment: (a) 5,649 jobs in MQJ defined industries (0 displaced) at average wages in 2010-2019.
Incentives/Credits: (a) \$57,057,508 in authorized MQJ credits, redeemed between 2010-2014.

Impacts occur in the Statewide Region. Assumptions provided by DED. Estimated using REMI-PI+Statewide Model (remi-fiscal-PI+aug10).
 The multi-year fiscal Benefit-Cost Ratio is 5.73 when other program incentives are included.

Other Benefits:

In FY-2010, every dollar of authorized program tax credits returns

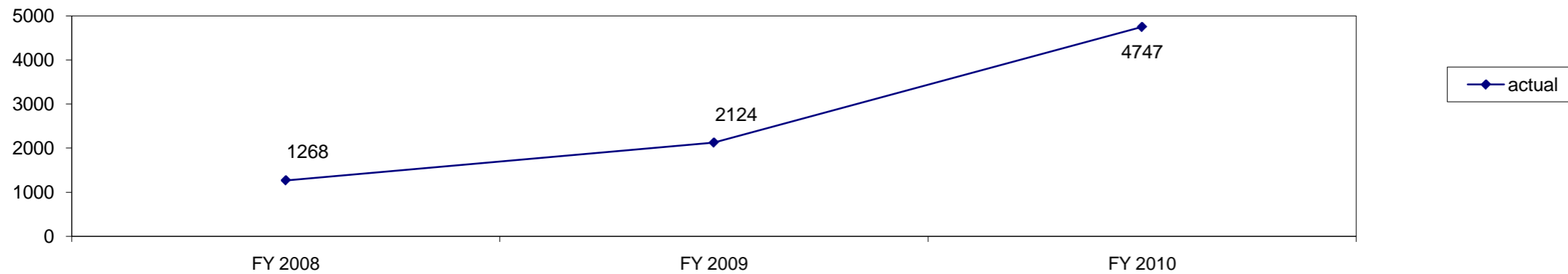
\$76.75 in new personal income totaling	\$875.89 million
\$138.52 in new value-added/GSP totaling	\$1,580.77 million
\$235.04 in new economic output totaling	\$2,682.12 million

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

\$167.90 in new personal income totaling	\$9,089.64 million
\$282.92 in new value added/GSP totaling	\$15,316.78 million
\$483.36 in new economic output totaling	\$26,168.78 million

PERFORMANCE MEASURE(S)

Permanent New Jobs Created



Comments on Performance Measure:

