

## Purpose

Facilitate the creation of quality jobs by targeted business projects.

## Authorization

Sections 620.2000 to 620.2020

## Eligible Applicants

- For-Profit or non-profit businesses.
- Not Eligible: Gambling establishments, store front consumer-based retail trade establishments, food and drinking places, public utilities, educational services, religious organizations, public administration, ethanol distillation or production, biodiesel production, or healthcare and social services.
- Not Eligible: Businesses that are delinquent in payment of any nonprotested taxes or other payments (state, federal, local).
- Not Eligible: Businesses that have filed for or have publicly announced their intention to file for bankruptcy, unless certain requirements are met.
- Eligible: Headquarters, administrative, or research and development offices of otherwise excluded businesses that serve a multi-state area.

## Eligibility Criteria

“WH” means the retention of the state withholding tax of the new jobs

| Program              | Min. New Jobs | Min. New Private Capital Investment | Min. Avg. Wage           | Automatic Benefit                        |
|----------------------|---------------|-------------------------------------|--------------------------|--|
| Zone Works (Note 1)  | 2             | \$100,000                           | 80% of County Avg. Wage  | WH, 5 or 6 years (Note 3)                |
| Rural Works (Note 2) | 2             | \$100,000                           | 90% of County Avg. Wage  | WH, 5 or 6 years (Note 3)                |
| Statewide Works      | 10            | N/A                                 | 90% of County Avg. Wage  | WH, 5 or 6 years (Note 3)                |
| Mega Works 120       | 100           | N/A                                 | 120% of County Avg. Wage | 6% of new payroll, 5 or 6 years (Note 3) |
| Mega Works 140       | 100           | N/A                                 | 140% of County Avg. Wage | 7% of new payroll, 5 or 6 years          |

*Note 1: Project facility must be located in an Enhanced Enterprise Zone.*

*Note 2: Project facility must be located in a “rural” county, which would NOT include Boone, Buchanan, Clay, Greene, Jackson, St. Charles, and St. Louis City and County.*

*Note 3: Benefit period is 5 years, or 6 years for existing Missouri companies (those that have been operational in Missouri for at least 10 years).*

In addition to the Automatic Benefit indicated above, the Statewide Works or Mega Works projects may be considered for discretionary benefits, limited to the net state fiscal benefit. The criteria for the discretionary benefits include:

- The least amount necessary to obtain the company’s commitment;
- The overall size (number of jobs, payroll, new capital investment) and quality (average wages, growth potential of the company, multiplier effect of the industry) of the project;
- The financial stability and creditworthiness of the company;
- The level of economic distress of the project area;
- The competitiveness of alternative locations; and
- The percent of local incentives committed to the project.

## Program benefits

Program benefits are (a) the retention of the state withholding tax of the new jobs and/or (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.

“New jobs” are defined as full-time (average 35 or more hours/week each year and for whom the company offers/pays 50% of health insurance) employees of the company located at the project facility, based on the increase from the “base employment”.

“Base Employment” is the greater of (a) the number of full-time employees on the date of the Notice of Intent, or (b) the average number of full-time employees for the 12 month period prior to the date of the Notice of Intent. In the event the company (or a related company) reduces 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 limit on the retained withholding taxes. Tax credits issued for the entire program shall not exceed \$106 million for FY2014, \$111 million for FY2015, and \$116 million for 2016 forward.

### Attributes of the Tax Credits

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

### Application/Approval Procedure

Prior to the receipt of a DED proposal or approval of a notice of intent (“NOI”), none of the following can have occurred:

- Significant, project-specific site work at the project facility.
- Purchased machinery or equipment related to the project.
- Publicly announced its intention to make new capital investment at the project facility.
- Upon receipt of the proposal/NOI, DED will:
- Confirm the business is eligible;
- Establish the date at which “base employment” is calculated;
- Reserve the estimated tax credits for the project; and

- Establish the 2-year “deadline” date by which the minimum thresholds for the creation of the new jobs, investment, etc must be met.

### 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. If a project does not meet the minimum new job requirement, the project may enter one of the smaller program categories, as long as all of the program requirements for this program type are met. The Tax Credit Accountability Act Reporting Form must be submitted to the Department of Economic Development by June 30th each year the company receives tax credits and for the three years following the issuance of the tax credits.

### Special Program Requirements

A business cannot simultaneously receive benefits for the same capital investment or the same jobs for the following programs:

- Rebuilding Communities
- Development Tax Credit
- Enhanced Enterprise Zone
- Quality Jobs
- Manufacturing Jobs

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

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

|                     |       |
|---------------------|-------|
| AGI of \$15–20,000: | 1.27% |
| AGI of \$20–25,000: | 1.82% |
| AGI of \$25–30,000: | 2.29% |
| AGI of \$30–35,000: | 2.63% |
| AGI of \$35–40,000: | 2.85% |
| AGI of \$40–45,000: | 3.00% |
| AGI of \$45–50,000: | 3.11% |

|                       |       |
|-----------------------|-------|
| AGI of \$50–55,000:   | 3.21% |
| AGI of \$55–60,000:   | 3.31% |
| AGI of \$60–65,000:   | 3.40% |
| AGI of \$65–70,000:   | 3.49% |
| AGI of \$70–75,000:   | 3.57% |
| AGI of \$75–100,000:  | 3.78% |
| AGI of \$100–200,000: | 4.29% |
| AGI of \$200–500,000: | 4.82% |

**County average wages (effective until 7/1/2014):**

*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.*

- *Statewide average of \$43,122 applicable to any county over the statewide average when determining program eligibility. (Clay, Jackson, St. Louis County and City)*
- *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.*

*Revised July 2013*

| County         | Avg. Annual Wage | County      | Avg. Annual Wage | County         | Avg. Annual Wage |
|----------------|------------------|-------------|------------------|----------------|------------------|
| Adair          | \$26,531         | Grundy      | \$32,222         | Perry          | \$32,191         |
| Andrew         | \$26,908         | Harrison    | \$22,399         | Pettis         | \$30,889         |
| Atchison       | \$26,175         | Henry       | \$30,265         | Phelps         | \$29,900         |
| Audrain        | \$31,782         | Hickory     | \$20,094         | Pike           | \$29,226         |
| Barry          | \$32,555         | Holt        | \$30,120         | Platte         | \$40,371         |
| Barton         | \$25,550         | Howard      | \$27,067         | Polk           | \$28,086         |
| Bates          | \$24,991         | Howell      | \$29,483         | Pulaski        | \$25,765         |
| Benton         | \$24,571         | Iron        | \$43,095         | Putnam         | \$23,118         |
| Bollinger      | \$23,501         | Jackson     | \$49,683         | Ralls          | \$34,595         |
| Boone          | \$33,695         | Jasper      | \$34,648         | Randolph       | \$33,336         |
| Buchanan       | \$39,275         | Jefferson   | \$31,780         | Ray            | \$31,206         |
| Butler         | \$28,659         | Johnson     | \$27,228         | Reynolds       | \$24,530         |
| Caldwell       | \$32,390         | Knox        | \$25,293         | Ripley         | \$19,731         |
| Callaway       | \$36,877         | Laclede     | \$29,861         | St. Charles    | \$38,732         |
| Camden         | \$27,452         | Lafayette   | \$26,612         | St. Clair      | \$21,394         |
| Cape Girardeau | \$36,115         | Lawrence    | \$28,113         | Ste. Genevieve | \$39,297         |
| Carroll        | \$28,099         | Lewis       | \$28,842         | St. Francois   | \$28,031         |
| Carter         | \$21,603         | Lincoln     | \$32,173         | St. Louis Co.  | \$53,092         |
| Cass           | \$29,887         | Linn        | \$31,407         | St. Louis City | \$55,026         |
| Cedar          | \$22,671         | Livingston  | \$29,911         | Saline         | \$30,381         |
| Chariton       | \$29,574         | McDonald    | \$27,725         | Schuyler       | \$24,831         |
| Christian      | \$27,961         | Macon       | \$26,544         | Scotland       | \$19,955         |
| Clark          | \$24,419         | Madison     | \$26,232         | Scott          | \$31,321         |
| Clay           | \$43,873         | Maries      | \$31,288         | Shannon        | \$18,362         |
| Clinton        | \$28,436         | Marion      | \$33,077         | Shelby         | \$25,471         |
| Cole           | \$37,830         | Mercer      | \$29,777         | Stoddard       | \$29,783         |
| Cooper         | \$29,940         | Miller      | \$30,896         | Stone          | \$24,838         |
| Crawford       | \$31,729         | Mississippi | \$26,824         | Sullivan       | \$33,105         |
| Dade           | \$27,255         | Moniteau    | \$27,884         | Taney          | \$26,162         |
| Dallas         | \$21,320         | Monroe      | \$27,323         | Texas          | \$26,136         |
| Daviess        | \$24,118         | Montgomery  | \$27,391         | Vernon         | \$32,211         |
| Dekalb         | \$29,458         | Morgan      | \$24,219         | Warren         | \$31,067         |
| Dent           | \$25,087         | New Madrid  | \$37,389         | Washington     | \$22,511         |
| Douglas        | \$22,815         | Newton      | \$36,577         | Wayne          | \$21,076         |
| Dunklin        | \$23,401         | Nodaway     | \$30,325         | Webster        | \$28,984         |
| Franklin       | \$35,193         | Oregon      | \$21,030         | Worth          | \$20,976         |
| Gasconade      | \$26,214         | Osage       | \$27,355         | Wright         | \$26,151         |
| Gentry         | \$25,001         | Ozark       | \$20,002         |                |                  |
| Greene         | \$36,398         | Pemiscot    | \$27,461         |                |                  |