



## State of Missouri DEVELOPMENT TAX CREDIT Program Detail

**COMMON NAME:** Development Tax Credit Program

**LEGAL NAME:** The Tax Credit Statute

**STATUTORY CITATION:** §§ 100.286(6) of the RSMO

**PROGRAM TYPE:** Business Recruitment and Expansion

**FUNDING LIMITS:** The amount of tax credits available for a single project is limited to the lesser of \$500,000, or \$10,000 per full-time, permanent job created by the business within two years of execution of the lease, and must be the least amount necessary to cause the project to occur. Credits authorized under this program are limited to \$6,000,000 per fiscal year during 2005-06 and 2006-07 and \$4,000,000 per fiscal year thereafter.

**TYPE OF BENEFITS:** Tax Credits. DTCs may be used against any of the following taxes otherwise due: a) state income tax under Chapter 143, RSMo; b) the corporation franchise tax under Chapter 147, RSMo; c) certain taxes on banks and other financial institutions under Chapter 148, RSMo; d) the annual tax on gross premium receipts of insurance companies under Chapter 148, RSMo; and e) the annual tax on gross receipts of express companies under Chapter 153, RSMo. Tax credits may be carried forward for up to five years. Credits may be transferred, sold or assigned.

**DESCRIPTION OF BENEFITS:** State tax credits are available to taxpayers making contributions to a nonprofit corporation for projects approved by the Department of Economic Development. The credits are equal to 50% of cash contribution or the value of certain types of property. The program may be used for the acquisition of land or buildings through the purchase from cash contributions or donation of real estate. The acquisition of new or used machinery and equipment is also eligible *if* it is to be placed in an existing building.



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**ALLOWED USES OF BENEFITS:** Generally, manufacturing, processing or assembly business projects that propose wages above the average for the area and provide health benefits are prioritized. Other types of projects may be considered for approval if tax credits remain near the end of the State fiscal year. Projects must result in a positive economic benefit to the State taking into consideration other State incentives provided for the project, and new public costs necessary to support the project.

**ELIGIBLE GEOGRAPHIC AREA:** The project must be located in an area that qualifies or could qualify as a “blighted” or “conservation” area as defined in the Real Property Tax Increment Allocation Redevelopment Law (§99.805, RSMo), an enterprise zone (Ch. 135.200 et seq., RSMo), or an urban redevelopment area (Ch. 353, RSMo).

**ELIGIBLE BUSINESS TYPES:** Applications by nonprofit corporations will be approved based on compliance with all program criteria, the need for tax credits to make a project feasible, a positive economic impact on the State and the availability of tax credits. The company cannot make a public announcement of the project before the Department’s contingent approval of an application.

**BENEFITS ELIGIBILITY REQUIREMENTS:** Tax Credits are to be taken in the taxpayer's current tax year, although such credit may be carried forward for up to five years. Credits may be sold for not less than 75% or more than 100% of their par value, provided that all credits must be claimed within ten years of the date the Contribution is made.

**SPECIAL REQUIREMENTS:** Once a project has been approved, the Department, the nonprofit corporation and the company enter into a Development Tax Credit Agreement, and the nonprofit corporation and the company enter into a lease agreement for the project. The nonprofit corporation must retain ownership of all properties acquired by the contribution for a minimum of five years. The Department may allow a longer lease period depending on the needs of the project. The eventual disposition of properties acquired by the contribution will be no less than 75% of the fair market value of the facility, excluding the value of leasehold improvements.

Only nonprofit corporations authorized to operate in Missouri and headquartered in the geographic area of the proposed project are eligible recipients of contributions.

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The company that will lease the project from the nonprofit corporation cannot have significant representation on the nonprofit corporation's board. Nonprofit corporations ineligible to participate in the program include churches and their denominational headquarters, units of government and any affiliated organization under such entities' direct supervision, partisan organizations and public or tuition-based private schools.

### **INTERNET LINKS:**

Statutes: <http://www.moga.mo.gov/STATUTES/STATUTES.HTM>

Missouri Department of Economic Development: [www.MissouriDevelopment.org](http://www.MissouriDevelopment.org)

Missouri Development Finance Board: [www.mdfb.org](http://www.mdfb.org)

**SOURCES:** "Development Tax Credit Program" Missouri Department of Economic Development