



State of Missouri QUALITY JOBS Program Detail

COMMON NAME: Missouri Quality Jobs

LEGAL NAME: Missouri Quality Jobs Act

STATUTORY CITATION: §§ 620.1875-620.1890 RSMO

PROGRAM TYPE: Business Recruitment and Expansion

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.

TYPE OF BENEFITS: State withholding tax and tax credits. Small and expanding businesses retain the state withholding tax for the new jobs. Technology and high impact businesses not only get to retain the state withholding tax for the new jobs but also receive state income tax or financial institution tax credits, which are refundable and may be sold. Benefits are based on a percentage of the payroll for the new jobs. Program benefits are not provided until the minimum new job threshold is met and the company meets the average wage and health insurance requirements.

DESCRIPTION OF BENEFITS: 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 and/or sellable. 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.

ALLOWED USES OF BENEFITS: This tax credit can be applied to Chapter 143 (state income tax, excluding withholding tax) and Chapter 148 (financial institutions tax). 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.

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ELIGIBLE GEOGRAPHIC AREA: Statewide

ELIGIBLE BUSINESS TYPES: For-profit and non-profit businesses except for gambling, retail trade, food and drinking places, companies regulated by the Public Service Commission, companies 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.

Eligible businesses are divided into three categories:

Type of Business Minimum New Jobs Requirement

Small and expanding: Rural areas: 20 or more within two years of DED approval
Non-rural areas[†]: 40 or more within two years of DED approval

Technology: 10 or more jobs with a technology company (as classified by NAICS codes) within two years of DED approval

High Impact: 100 or more within two years of hiring of first new job; first new job must be hired within one year of the DED approval

[†] includes Boone, Buchanan, Clay, Greene, Jackson, St. Charles and St. Louis Counties and the City of St. Louis

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This listing includes the following four-digit NAICS:

NAICS 4	NAICS Industry
2111	Oil and Gas Extraction
3251	Basic Chemical Manufacturing
3254	Pharmaceutical and Medicine Manufacturing
3332	Industrial Machinery Manufacturing
3333	Commercial and Service Industry Machinery Manufacturing
3341	Computer and Peripheral Equipment Manufacturing
3342	Communications Equipment Manufacturing
3343	Audio and Video Equipment Manufacturing
3344	Semiconductor and Other Electronic Component Manufacturing
3345	Navigational, Measuring, Electromedical, and Control Instruments Manufacturing
3359	Other Electrical Equipment and Component Manufacturing if researching, developing or manufacturing power system technology for the following: <ul style="list-style-type: none"> • Aerospace; • Space; • Defense; • Hybrid vehicles; or • Implantable or wearable medical devices
3364	Aerospace Product and Parts Manufacturing
4234	Professional and Commercial Equipment and Supplies Merchant Wholesalers
5112	Software Publishers
5161	Internet Publishing and Broadcasting
5171	Wired Technology Carriers
5179	Other Telecommunications
5181	Internet Service Providers and Web Search Portals
5182	Data Processing, Hosting, and Related Services
5413	Architectural, Engineering, and Related Services
5415	Computer Systems Design and Related Services
5416	Management, Scientific, and Technical Consulting Services
5417	Scientific Research and Development Services



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Effective August 28, 2008 --- “Technology business project”, a qualified company that, within two years of the date of the department’s approval of the Notice of Intent creates a minimum of ten new jobs involved in the operations of a company:

- a) Which is a technology company, as classified by NAICS codes;
- b) Which owns or leases a facility which produces electricity derived from qualified renewable energy sources, or produces fuel for the generation of electricity from qualified renewable energy sources, but does not include any company that has received the alcohol mixture credit, alcohol credit or small ethanol producer credit pursuant to 26 U.S.C. Section 40 of the tax code in the previous tax year; or
- c) Which researches, develops, or manufactures power system technology for: aerospace; space; defense; hybrid vehicles; or implantable or wearable medical devices.

BENEFITS ELIGIBILITY REQUIREMENTS:

Small and Expanding Business – A qualified company may retain an amount equal to the withholding tax from the new jobs that would otherwise be withheld and remitted by the qualified company for a period of 3 years from the date the required number of new jobs were created if the average wage of the new payroll equals or exceeds the county average wage or for a period of 5 years from the date the required number of new jobs were created if the average wage of the new payroll equals or exceeds 120% of the county average wage in the county the project facility is located.

Technology Business – A qualified company may retain an amount equal to 5% of the new payroll for a period of 5 years from the date the required number of jobs were created from the withholding tax of the new jobs that would otherwise be withheld and remitted by the qualified company if the average wage of the new payroll equals or exceeds the county average wage. An additional ½% of new payroll may be added if the average wage of the new payroll in any year exceeds 120% of the county average wage in the county in which the facility is located, or an additional 1% percent of new payroll may be added if the average wage of the new payroll in any year exceeds 140% of the average wage in the county in which the facility is located. If the withholding tax is not sufficient to provide the entire amount of benefit due to the qualified company, the Department of Economic Development will issue a refundable/transferable tax credit for any difference, not to exceed \$500,000 per year, per company.



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High Impact Business – A qualified company may retain an amount from the withholding tax of the new jobs that would otherwise be withheld and remitted by the qualified company equal to 3% of new payroll for a period of 5 years from the date the required number of jobs were created if the average wage of the new payroll equals or exceeds the county average wage of the county in which the facility is located. The percentage of payroll allowed to be withheld increases to 3½% if the average wage of the new payroll in any year exceeds 120% of the county average wage or 4% if the average wage of the new payroll in any year exceeds 140% of the county average wage. An additional 1% of new payroll may be added to these percentages if local incentives equal between 10% and 24% of the new direct local tax revenue derived from the project over a 10-year period; an additional 2% of new payroll is added to these percentages if the local incentives equal between 25% and 49% of the new direct local tax revenue; or an additional 3% of payroll is added to these percentages if the local incentives equal 50% or more of the new direct local tax revenue. If the withholding tax is not sufficient to provide the entire amount of benefit due to the qualified company, the Department of Economic Development will issue a refundable/transferable tax credit for any difference, not to exceed \$750,000 per year, per company.

SPECIAL REQUIREMENTS: The following conditions must be met for a project to be approved.

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

- Greater than 120% and up to 140%: ½ % 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.



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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 related company) reduced jobs at another facility in Missouri with related operations, the new jobs at the project facility would be reduced accordingly.

Application/Approval Procedure: An application (“Notice of Intent”) may be submitted at any time of the year by the business to the Missouri Department of Economic Development (DED). Applications may be obtained at www.missouridevelopment.org.

DED’s approval will:

- Confirm the type of project/business is eligible;
- Establish the date “base employment” is calculated;
- Reserve the estimated tax credits for the project; and
- 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 the business meets the health insurance requirements for the new jobs. In the event 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.



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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 which affect state withholding taxes (New Jobs Training, State TIF, MODESA).

Estimated State withholding taxes, based on adjusted gross income (“AGI”):

Adjusted Gross Income (AGI)	Estimated State Withholding Tax
\$19-25,000	1.4%
\$20-25,000	1.9%
\$25-30,000	2.4%
\$30-35,000	2.7%
\$35-40,000	2.9%
\$40-50,000	3.1%
\$50-55,000	3.3%
\$65-70,000	3.5%
\$75-100,000	3.7%
\$100,000 +	4.2%



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County average wages (effective until 7/1/11):

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

County	Annual Avg. Wage
Franklin	\$31,105
Jefferson	\$30,743
Lincoln	\$31,301
St. Charles	\$36,562
St. Louis City	\$50,181
St. Louis Co.	\$49,281
Warren	\$30,350
Washington	\$21,421

- Statewide average of **\$40,168** applicable to any county over the statewide average when determining program eligibility.
- If a project is moving from one Missouri county to another 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.

INTERNET LINKS:

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

Missouri Department of Economic Development: www.MissouriDevelopment.org

Missouri Development Finance Board: www.mdfb.org

SOURCES: “MO Quality Jobs Program” Missouri Department of Economic Development