

Missouri Quality Jobs Program

LEGAL NAME: Missouri Quality Jobs Act

STATUTORY CITATION: Section 620.1875620.1900.RSMo

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.

TYPES OF BENEFITS:

State withholding tax retention 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, transferrable, 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 projects, the benefit of the program is the retention of the state withholding tax of the new jobs. For “Technology” and “High Impact” business projects, 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, transferrable, 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.

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. Tax credits must be claimed within one year of the taxable year for which they were issued. Any unused balance is refundable. The credits may also be transferred, sold or assigned.

The program benefits are calculated as follows:

- Small/Expanding businesses projects:
 - Retain 100% of the withholding tax of the new jobs, each year for:
 - **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 120% of county average wage.
- Technology business projects:
 - **5%** of the payroll of the new jobs each year for five years; **plus:**
 - “Average Wage Bonus”.
 - Maximum annual tax credits per company are \$500,000. No limit on the withholding tax.

- High Impact business projects:
 - **3%** of the payroll of the new jobs each year for five years; **plus:**
 - “Average Wage Bonus”
 - “Local Incentives Bonus”
 - Maximum annual tax credits per company are \$750,000. No limit on the withholding tax.

“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 fulltime (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 fulltime 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.

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. Tax credits must be claimed within one year of the taxable year for which they were issued. Any unused balance is refundable. The credits may also be transferred, sold or assigned.

ELIGIBLE AREAS: Statewide.

ELIGIBLE BUSINESS TYPES:

For-profit and nonprofit businesses except for gambling; retail trade; food and drinking places; public utilities; educational services; religious organizations; public administration companies; ethanol distillation and production; biodiesel production; or companies that are delinquent in nonprotested 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 multistate area may qualify in some cases. A company may treat facilities located within one mile of each other or within the same county as one project facility if engaged in the same business activity.

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 fulltime employees in Missouri.

Eligible businesses are divided into three categories:

- Small and Expanding:
 - Minimum New Jobs Requirement:
 - Rural areas: 20 or more within two years of DED approval
 - Non-rural areas+: 40 or more within two years of DED approval
- Technology:
 - Minimum New Jobs Requirement:
 - 10 or more jobs with a technology company (generally as classified by NAICS codes) within two years of DED approval
- High Impact:
 - Minimum New Jobs Requirement:
 - 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

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.

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 10year 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.

APPLICATION/APPROVAL PROCEDURE:

An application ("Notice of Intent") may be submitted at any time of the year by the business to DED. 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.

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"):

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

County average wages (effective until 7/1/12):

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 annual to hourly wages.

County	Average Annual Wage	County	Average Annual Wage	County	Average Annual Wage
ADAIR	\$25,389	GRUNDY	\$30,309	PERRY	\$30,077
ANDREW	\$25,673	HARRISON	\$21,522	PETTIS	\$30,561
ATCHISON	\$25,063	HENRY	\$29,154	PHELPS	\$28,390
AUDRAIN	\$30,673	HICKORY	\$18,277	PIKE	\$28,462
BARRY	\$30,975	HOLT	\$26,486	PLATTE	\$38,505
BARTON	\$25,552	HOWARD	\$23,171	POLK	\$25,857
BATES	\$24,239	HOWELL	\$28,380	PULASKI	\$25,165
BENTON	\$24,172	IRON	\$35,160	PUTNAM	\$22,603
BOLLINGER	\$26,516	JACKSON	\$46,111	RALLS	\$33,249
BOONE	\$31,727	JASPER	\$33,530	RANDOLPH	\$30,339
BUCHANAN	\$35,979	JEFFERSON	\$30,943	RAY	\$28,099
BUTLER	\$28,849	JOHNSON	\$26,679	REYNOLDS	\$26,966
CALDWELL	\$31,124	KNOX	\$23,816	RIPLEY	\$19,896
CALLAWAY	\$38,043	LACLEDE	\$28,516	ST. CHARLES	\$37,312
CAMDEN	\$26,875	LAFAYETTE	\$26,588	ST. CLAIR	\$20,526
CAPE GIRARDEAU	\$34,298	LAWRENCE	\$28,327	STE. GENEVIEVE	\$36,252
CARROLL	\$28,966	LEWIS	\$25,921	ST. FRANCOIS	\$26,343
CARTER	\$19,808	LINCOLN	\$30,852	ST LOUIS CO	\$49,918
CASS	\$28,941	LINN	\$30,422	SALINE	\$29,881
CEDAR	\$23,521	LIVINGSTON	\$28,842	SCHUYLER	\$24,638
CHARITON	\$26,601	MCDONALD	\$26,423	SCOTLAND	\$19,971
CHRISTIAN	\$26,531	MACON	\$27,207	SCOTT	\$29,553
CLARK	\$22,153	MADISON	\$24,548	SHANNON	\$16,378
CLAY	\$45,798	MARIES	\$29,105	SHELBY	\$24,443
CLINTON	\$26,665	MARION	\$31,632	STODDARD	\$28,214
COLE	\$35,971	MERCER	\$28,980	STONE	\$23,548
COOPER	\$27,979	MILLER	\$27,185	SULLIVAN	\$34,083
CRAWFORD	\$29,520	MISSISSIPPI	\$25,058	TANEY	\$25,402
DADE	\$25,594	MONITEAU	\$25,422	TEXAS	\$24,276
DALLAS	\$21,907	MONROE	\$26,313	VERNON	\$30,874
DAVISS	\$22,686	MONTGOMERY	\$25,502	WARREN	\$29,897
DEKALB	\$27,756	MORGAN	\$22,983	WASHINGTON	\$21,777
DENT	\$27,665	NEW MADRID	\$35,586	WAYNE	\$21,098
DOUGLAS	\$23,458	NEWTON	\$33,321	WEBSTER	\$27,173
DUNKLIN	\$21,894	NODAWAY	\$30,332	WORTH	\$20,437
FRANKLIN	\$32,297	OREGON	\$19,167	WRIGHT	\$24,972
GASCONADE	\$25,552	OSAGE	\$25,955	ST LOUIS CITY	\$51,508
GENTRY	\$25,706	OZARK	\$19,220	STATEWIDE	\$40,856
GREENE	\$34,676	PEMISCOT	\$26,568		

- *Statewide average of \$40,856 applicable to any county over the statewide average when determining program eligibility*
- *The wages represent 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.*

FOR MORE INFORMATION VISIT:

Statutes: <http://www.moga.mo.gov/STATUTES/C620.HTM>

Missouri Department of Economic Development: <http://www.missouridevelopment.org>

SOURCES: "MO Quality Jobs Program" Missouri Department of Economic Development