

Enhanced Enterprise Zone

LEGAL NAME: Missouri Enhanced Enterprise Zone Act

STATUTORY CITATION: §§ 135.950-135.973 RSMO

FUNDING LIMITS:

Tax credits in an amount authorized and determined by the Department of Economic Development, based on the state economic benefit, supported by the number of new jobs, wages and new capital investment the project will create. Total tax credits issued under this program for all new projects is limited to \$24,000,000 annually, effective 8/28/08.

TYPE OF BENEFITS:

Tax Credits. This tax credit can be applied to Ch. 143, Income tax, excluding withholding tax. Tax credits can only be applied to tax liability for the year in which they are earned. The tax credits are refundable or may be transferred sold or assigned. The sale price cannot be less than 75% of the par value of such tax credits.

DESCRIPTION OF BENEFITS:

Tax credits and real property tax abatement of at least 50% for ten years on improvements to the real property.

ALLOWED USES OF BENEFITS:

Tax credits may be transferred, sold or assigned. The sale price cannot be less than 75% of the par value of such tax credits.

ELIGIBLE GEOGRAPHIC AREA:

Enhanced Enterprise Zones are specified geographic area designated by local governments and certified by the Department of Economic Development (DED). Zone designation is based on certain demographic criteria, the potential to create sustainable jobs in a targeted industry and a demonstrated impact on local industry cluster development.

ELIGIBLE BUSINESS TYPES:

An eligible business must be located in a Missouri Enhanced Enterprise Zone (EEZ). Individual business eligibility will be determined by the zone, based on creation of sustainable jobs in a targeted industry or demonstrated impact on local industry cluster development.

Service industries can be eligible if a majority of their annual revenues will be derived from services provided out of the state. Headquarters or administrative offices of an otherwise excluded business may qualify if the offices serve a multistate territory. The company cannot have been announced or construction started prior to the approval process. See application for complete information.

Ineligible Applicants include gaming establishments (NAICS group 7132), Retail trade (NAICS sectors 44 and 45), Educational services (NAICS sector 61), Religious organizations (NAICS group 8131), Public administrators (NAICS sector 92) and Food and drinking places (NAICS subsector 722).

BENEFITS ELIGIBILITY REQUIREMENTS:

The Enhanced Enterprise Zone program is a discretionary program offering state tax credits, accompanied by local real property tax abatement, to Enhanced Business Enterprises. Tax credits may be provided each year for five tax years after the project commences operations.

To receive tax credits for any of the five years, the facility must create and maintain the minimum:

- New or expanded business facility – 2 new employees and \$100,000 new investment;
- Replacement business facility – 2 new employees and \$1,000,000 new investment

Eligible investment expenditures include the original cost of machinery, equipment, furniture, fixtures, land and building, and/or eight times the annual rental rate paid for the same. Inventory is not eligible.

SPECIAL REQUIREMENTS:

Department of Economic Development must first offer program benefits to the business in the form of a formal proposal. The company must return the accepted proposal within 90 days of the proposal date. The company must submit the Notice of Intent (NOI) and receive the Approval Letter before the start of construction, and/or purchase of machinery and equipment. NOIs will be accepted by DED at any time of the year and will be approved on an individual, case-by-case, based on compliance with all program criteria.

Applicants must be eligible for and receive at least ten years' local property tax abatement at 50% pursuant to the local enhanced enterprise zone plan. Projects relocating a facility from one Missouri location to another Missouri location must obtain the endorsement of the governing body of the community from which the jobs are being relocated and include this endorsement with the Notice of Intent.

A business cannot earn tax credits under this program if earning Enterprise Zone, Business Facility, Quality Jobs, Rebuilding Communities or Brownfield Jobs and Investment tax credits for the same project for the same tax period. Businesses must also enroll in the E-Verify program and submit a Memorandum of Understanding before receiving tax credits. Companies with multiple facilities in the state must complete a Multiple Worksite Report - BLS 3020 in order to receive tax credits.

NOTES:

Annual application for Tax Credits – the facility must file the Annual Application for Tax Credits and supporting documents each year for calculation of the facility’s state tax benefits. The deadline for submitting the Annual Application for Tax Credits is during the tax period immediately after the tax period for which the credits are being requested.

SB 1099 Reporting – The “Tax Credit Accountability Act” reporting form must be submitted to DED by June 30 each year for three years following the year of the first issuance of tax credits.

FOR MORE INFORMATION VISIT:

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

Missouri Department of Economic Development: www.MissouriDevelopment.org

Enhanced Enterprise Zone Maps:

<http://www.missouridevelopment.org/topnavpages/Research%20Toolbox/BCS%20Programs/Enhanced%20Enterprise%20Zone/Contact%20Information%20and%20Location.aspx>

Source: “Enhanced Enterprise Zone Program” Missouri Department of Economic Development