

BUSINESS INCENTIVES PRACTICE

MAJOR INCENTIVE PROGRAMS MISSOURI

A Cushman & Wakefield Global Business Consulting Publication



2015

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The Business Incentives Practice (“BIP”) strategically assists companies through the process of securing optimal incentive packages for projects considering an expansion, consolidation, or relocation. BIP leverages a project’s unique strengths and benefits to identify, negotiate, and implement all feasible economic development or government incentives (“Incentives”) opportunities. Moreover, BIP provides ongoing support and administration for a project to address any issues that may arise. By engaging BIP to work in parallel to the site selection team, businesses can have assurance that the optimal level of Incentives is secured and realized.

SERVICES

BIP’s mission is to develop a strategy that enhances business performance, while reducing a project’s up-front capital and ongoing operational costs through the procurement of Incentives. Many businesses are not aware they may be entitled to Incentives benefits for certain expansion, consolidation, and relocation activities. BIP identifies said opportunities through a multifaceted methodology that begins with careful analysis of project-specific data. The process continues with a detailed due diligence on all aspects of site-specific Incentives opportunities and concludes with the negotiation, implementation, and administration of Incentives.

RESULTS

BIP has successfully secured Incentives packages for a broad range of clients globally. The BIP team maintains a robust incentives database and along with its vast experience it facilitates the best possible results for a project. Since its inception, BIP professionals have negotiated in excess of \$3.0 billion in savings for its clients.



KEY PROJECT TYPES

BIP enables its clients to identify, negotiate, and quantify the myriad of incentives available through the federal, state, and municipal governments, as well as utilities service providers. BIP clients represent all industry sectors, ranging in size from Fortune 100 corporations to private owners, occupiers and developers. Almost any type of corporate location initiative can benefit from the use of C&W’s Business Incentives Practice:

- Corporate Headquarters Facilities
- Manufacturing Facilities
- R&D Centers
- Warehouse and Distribution Facilities
- Call Centers
- Data Centers
- Back-Office Centers
- Mixed-Use Developments

MISSOURI’S RECENTLY AWARDED INCENTIVES (USD M)

COMPANY	INVESTMENT	JOB	INCENTIVES
Renaissance Infrastructure	\$0.4	10	\$0.1
Mendelson Littler PC	\$0.0	275	\$8.9
XPO Logistics	\$1.2	125	\$0.7
SKF USA	\$55.0	73	\$8.3
Ronnoco Coffee	\$0.5	10	\$0.1
Mid-Am Building Supply	\$1.8	20	\$0.1
Dawn Food Products	\$0.2	30	\$0.2
Thermal Engineering Intl.	\$3.5	57	\$0.3
Power, Process & Industrial	\$0.2	23	\$0.1
The Nerderly	\$4.4	20	\$0.3
Incite Design Studio	\$0.3	10	\$0.1
Market Fresh Produce	\$0.2	11	\$0.1

OVERVIEW OF MAJOR MISSOURI INCENTIVE PROGRAMS

BUSINESS INCENTIVES FOR LARGE SCALE DEVELOPMENT (BUILD) PROGRAM

The Business Use Incentives for Large Scale Development (BUILD) program is meant to provide an incentive for large business projects to locate or expand in Missouri. The incentives are designed to reduce necessary infrastructure and equipment expenses if a project can demonstrate a need for funding. Under the program, the costs of projects are financed in whole or in part from proceeds of bonds issued by the Missouri Development Finance Board and loaned to the eligible company.

In determining whether financing assistance may be provided under the Program, the Missouri Department of Economic Development and the Missouri Development Finance Board must determine that the following factors will be met:

- An eligible industry in manufacturing, processing, assembly, research & development, agricultural processing, or services in interstate commerce must invest a minimum of \$15 million; or \$10 million for an office industry (regional, national or international headquarters, telecommunications operations, computer operations, insurance companies or credit card billing and processing centers) in an economic development project; and
- Create a minimum of one hundred new jobs for eligible employees at the economic development project or a minimum of five hundred jobs if the economic development project is an office industry or a minimum of two hundred new jobs if the economic development project is an office industry located within a distressed community

The bonds may be used to finance public or private infrastructure to support the project, or the new capital improvements of the business at the project location. The maximum amount which may be financed is limited by establishing a projected annual ceiling upon the maximum amount of credits that the Board expects to be able to issue to reimburse the eligible business in any one year. The BUILD Act imposes a limit on the annual amount which can be reimbursed of not to exceed 5% of the gross wages of each employee employed in a new job, or up to 10% if the economic development project is located within a distressed community. The minimum bond issue is \$500,000.

CHAPTER 100 SALES TAX EXEMPTION

Any company for which Chapter 100 bonds are issued is eligible for a sales tax exemption on tangible personal property for non-manufacturing purposes. Companies eligible for Chapter 100 bond financing include manufacturing, warehousing, distribution, office, research and development, agricultural processing, and services in interstate commerce. Retail, services in intrastate commerce and others are not eligible.

Missouri shows an average deal value of \$4.0 million with 126 new jobs created per deal

Eligibility for the Chapter 100 Sales Tax Exemption includes:

- The project cannot have been announced; bonds already approved/issued; or personal property already purchased
- The project must involve competition with another state; therefore, a comprehensive state/local incentive proposal will be involved in an attempt to win the project
- The project must have above-average wages with benefits, or be in an economically distressed or blighted area
- The project must include local incentives provided to the project commensurate with the state incentives, relative to the new state/local tax revenues created by the project
- The project must have a positive state fiscal benefit, including all the state incentives proposed for the project
- The project must have an indication that the city and county have approved the local sales tax exemption. (The local sales tax exemption may also be provided independent of the state sales tax.)

The Missouri Department of Economic Development (DED) will issue a state or local sales tax exemption to a company for which Chapter 100 bonds have been issued. DED will coordinate a state/local incentive proposal to qualifying projects, in which the exemption will be included. Upon the decision to proceed, the business will file the Missouri form "Chapter 100 Sales Tax Exemption Application," and return the completed form to the DED for approval and certification. Upon approval, DED will issue a certificate authorizing the applicant to claim the tax exemption. The applicant must then display the tax exemption to the vendor before the purchase is made.

CHAPTER 353 TAX ABATEMENT

Chapter 353 Tax Abatement is an incentive that can be utilized by cities to encourage the redevelopment of blighted areas by providing real property tax abatement. Under the program, tax abatement is available for a period of 25 years, which begins to run when the Urban Redevelopment Corporation takes title to the property. During the first 10 years, the property is not subject to real property taxes except in the amount of real property taxes assessed on the land, exclusive of improvements, during the calendar year preceding the calendar year during which the Urban Redevelopment Corporation acquired title to the real property. If the property was tax exempt during such preceding calendar year, then the county assessor is required to assess the land, exclusive of improvements, immediately after the Urban Redevelopment Corporation takes title. During the next 15 years, the real property may be assessed up to 50% of its true value. This means that the city may approve a development plan, which provides full tax abatement for 25 years. Tax abatement is only available to for-profit “Urban Redevelopment Corporations” organized pursuant to the Urban Redevelopment Corporations Law.

MISSOURI WORKS PROGRAM

The Missouri Works Program is meant to facilitate the creation and retention of high quality jobs by targeted business projects. The new program replaces the former Missouri Quality Jobs program, the Rebuilding Tax Credit program, the Enhanced Enterprise Tax Credit program, and the Development Tax Credit program. In doing so, Missouri Works consolidates Missouri’s four previously existing business development incentives into a single program with a uniform set of definitions and a streamlined application process to cut through red tape.

The Missouri Work Program benefits include:

- The retention of the state withholding tax of the new jobs, and/or
- State tax credits, which are refundable, transferable, and saleable.

The program benefits are based on a percentage of the payroll of the new jobs and are not provided until the minimum new job threshold is met and the company meets the average wage and health insurance requirements. There is no maximum incentive amount for retained withholdings for job creation project. For job retention projects, there is a \$6 million cap on retained withholdings. Additionally, tax credits (used for job creation only) are capped at \$106 million for FY 2014, \$111 million for FY 2015, and \$116 million for FY 2016.

An eligible company may:

- Be for-profit and non-profit businesses
- Be headquarters, administrative offices, or research and development facilities of an otherwise excluded business may qualify for benefits if the offices or facilities serve a multi-state territory

The benefits in the Missouri Works Program include both “automatic” and “discretionary” components. The Program includes five categories for participating businesses, each of which must meet be met to receive the automatic portion of the award:

Program	Min. New Jobs	Minimum Capital Investment	Minimum Average County Wage	Health Insurance	Benefits
ZONE WORKS	2	\$100,000	80%	Yes	Retention of withholding, 5 or 6 years
RURAL WORKS	2	\$100,000	90%	Yes	Retention of withholding, 5 or 6 years
STATEWIDE WORKS	10	N/A	90%	Yes	Retention of withholding, 5 or 6 years
MEGA WORKS 120	100	N/A	120%	Yes	6% of new payroll, 5 or 6 years
MAGE WORKS 140	100	N/A	140%	Yes	7% of new payroll, 5 or 6 years

OTHER MISSOURI INCENTIVE PROGRAMS

- Action Fund Loan
- Business Facility Tax Credit Program
- Employment Transition Team
- Global Markets Access Program
- Industrial Development Bonds
- Industrial Infrastructure Grant
- Missouri EB-5 Investor Visa Program
- Missouri Export Finance Program
- MORESA
- Mutual Fund Tax Apportionment
- Private Activity Bond Allocation “Tax Exempt” Bond Cap
- Qualified Energy Conservation Bond
- Small Business Incubator Tax Credit
- Small Business Loan Program
- Wine and Grape Tax Credit
- Work Opportunity Tax Credit
- Building Operator Certification
- Energy Loan Program
- Missouri Alternative Fuel Infrastructure Tax Credit
- Missouri CAIR Energy Efficient and Renewable Energy Set-Aside Program
- Solar Property Tax Incentive

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For more information, contact:

Alexander Frei

Co-Head, Business Incentives Practice for the Americas
Global Business Consulting
T +1 (312) 470 1836
alex.frei@cushwake.com

Aaron Hirschl

Analyst
Global Business Consulting
T +1 (312) 470 2373
aaron.hirschl@cushwake.com