

# ENHANCED ENTERPRISE ZONE TAX BENEFIT PROGRAM

MISSOURI DEPARTMENT OF ECONOMIC DEVELOPMENT

## **PURPOSE**

Provide tax credits to new or expanding businesses in a Missouri Enhanced Enterprise Zone.

## **AUTHORIZATION**

Sections 135.950 to 135.973, RSMo

## **ELIGIBLE AREAS**

Enhanced Enterprise Zones are specified geographic areas 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 APPLICANTS**

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 multi-state territory. See application for complete information.

### *Ineligible Applicants:*

Gambling establishments (NAICS group 7132)  
Retail trade (NAICS sectors 44 & 45)  
Educational services (NAICS sector 61)  
Religious organizations (NAICS group 8131)  
Public administrators (NAICS sector 92) and  
Food and drinking places (NAICS subsector 722) are prohibited by statute from receiving the state tax credits.

## **ELIGIBLE CRITERIA**

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 up to five tax years after the project commences operations.

To receive tax credits for any of the 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;
- Health insurance at all times, of which at least 50% is paid by the employer

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.

## **ELIGIBLE USE OF 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 were 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.

## **FUNDING LIMITS**

Tax credits will be an amount authorized by DED, based on the state economic benefit, supported by the number of new jobs, wages, and new capital investment that the project will create.

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Tax credits authorized under this program are limited to \$24,000,000 annually, effective August 28, 2008.

## **APPLICATION/APPROVAL PROCEDURE**

DED 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 basis, based on compliance with all program criteria.

## **REPORTING REQUIREMENTS**

### *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 tax credit application is during the tax period immediately after the tax period for which the credits are being requested.

**Example:** A business with a calendar tax year must submit their 2008 tax credit application no later than December 31, 2009.

### *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.

## **SPECIAL PROGRAM REQUIREMENTS**

Applicants are eligible for at least ten years' local real property tax abatement at 50% pursuant to the local enhanced enterprise zone plan.

Projects relocating employees 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, Rebuilding Communities, Quality Jobs, or Brownfield Jobs and Investment tax credits for the same project for the same tax period.

## **CONTACT**

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The St. Louis Regional Chamber & Growth Association (RCGA) is the chamber of commerce and economic development organization for Greater St. Louis, which includes 16 counties in Missouri and Illinois. RCGA markets the St. Louis region nationally and internationally to attract targeted industries to the area. It further spurs economic development by aiding the expansion and startup of companies within the region.

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