

## **Missouri Quality Jobs Act**

As an incentive to create and attract new jobs in Missouri, local economic developers need tools similar to those provided in other states. To this end, the Missouri Economic Development Council commissioned a study by Tamerica to analyze Missouri's ability to compete for economic development projects. The study showed some states, including Oklahoma and Kentucky, use a portion of their withholding tax on wages paid to employees in newly created jobs to provide an incentive for creation of the jobs. In some states, this takes the form of a credit or rebate.

In Missouri, Governor Matt Blunt has worked with the MEDC to establish a Missouri Quality Jobs Program. The program would establish a withholding tax incentive arrangement that may be used by state and local economic development officials to attract and create new family supporting jobs in the state. This program would complement and would not be in lieu of nor would it be in conflict with other programs that currently use a portion of the withholding taxes including the Missouri Business Use Incentives for Large-Scale Development Act (BUILD), Retained Jobs Training Program, New Jobs Credit, and the Missouri Downtown and Rural Economic Stimulus Act.

### ***The Purpose of the Missouri Quality Jobs Act:***

- Stimulate new "family supporting" job creation in Missouri through incentive programs for attracting small businesses, new technology companies and high impact projects to Missouri's rural and urban areas;
- Encourage "partnering opportunities" between eligible companies, their local community and the state that will lead to greater opportunities, additional jobs and increased economic activity; and
- Create a new approach to supporting job growth in Missouri that will serve as the foundation and anchor for future realignment of economic development resources. This three-pronged program is revenue-neutral because tax credit capacity is borrowed from a program that is currently not using its full allocation of tax credits (the Rebuilding Communities program) and from the Missouri Downtown Economic Stimulus Act (MODESA) program.

### ***How Missouri Quality Jobs Program Works:***

- The Department of Economic Development (DED) would oversee the program and issue certificates to qualifying employers, but approval would be automatic if the employer meets the criteria;
- Qualifying employers must offer a basic health insurance plan for the employees in the new jobs and pay at least 50% of the health insurance premiums for all parts of this program;
- A portion of the withholding tax or the wages paid to employees in newly created jobs would be retained by the qualifying employer;

- The employee would continue to receive full credit for all taxes withheld from their pay;
- The total amount of tax credit issued for all three components combined is limited to \$12 million (\$2 million from Rebuilding Communities program and \$10 million from MODESA); and,
- DED provides an annual report to the General Assembly on the program to measure the program's effectiveness.

***Significant Features of the Small and Expanding Business Program:***

***Qualifications***

- Qualifying employers must provide a minimum number of jobs within two years:
  - 20 new jobs in rural areas (counties with less than 75,000 population or that do not contain a city with more than 50,000 population);
  - 40 new jobs in non-rural areas
- This program is not available if the qualifying employer is adding 100 or more jobs;
- Jobs must pay at least the county average wage for the county in which the project facility is located.

***Benefits***

- Qualifying employers providing jobs at county average wage may retain all withholding taxes resulting from the newly created jobs for a period of three years;
- Qualifying employers providing jobs at 120% of the county average wage may retain all withholding taxes resulting from the newly created jobs for a period of five years;

***Significant Features of the Technology Business Program:***

***Qualifications***

- Qualifying employers must provide a minimum number of jobs within two years:
  - 10 new jobs directly involved in the operations of a technology company as defined by DED regulation and appropriate NAICS classification

***Benefits***

- Qualifying employers providing jobs at county average wage may retain withholding taxes and receive refundable tax credits for a total amount equal to 5% of the payroll resulting from the newly created jobs for a period of five years;

- Qualifying employers providing jobs at 120% of county average wage may retain withholding taxes and receive refundable tax credits for a total amount equal to 5 ½ % of the payroll resulting from the newly created jobs for a period of five years;
- Qualifying employers providing jobs at 140% or more of county average wage may retain withholding taxes and receive refundable tax credits for a total amount equal to 6% of the payroll resulting from the newly created jobs for a period of five years; and,
- Maximum benefit from this program is \$500,000 per qualifying business.

***Significant Features of the High Impact Projects Program:***

***Qualifications***

- Qualifying employers must provide a minimum of 100 new jobs within two years;

***Benefits***

- Qualifying employers providing jobs at county average wage may retain withholding taxes and receive refundable tax credits for a total amount equal to 3% of the payroll resulting from the newly created jobs for a period of five years; or,
- Qualifying employers providing jobs at 120% of county average wage may retain withholding taxes and receive refundable tax credits for a total amount equal to 3 ½ % of the payroll resulting from the newly created jobs for a period of five years; or,
- Qualifying employers providing jobs at 140% of county average wage may retain withholding taxes and receive refundable tax credits for a total amount equal to 4% of the payroll resulting from the newly created jobs for a period of five years;

***Plus an Additional Benefit if Local Government Participates:***

- Qualifying employers may retain withholding taxes and receive refundable tax credits for a total amount equal to an additional 1% of the payroll resulting from the newly created jobs for a period of five years if the local government provides benefits equal to 10-24% of their new local tax revenue; or,
- Qualifying employers may retain withholding taxes and receive refundable tax credits for a total amount equal to an additional 2% of the payroll resulting from the newly created jobs for a period of five years if the local government provides benefits equal to 25-49% of their new local tax revenue; or,
- Qualifying employers may retain withholding taxes and receive refundable tax credits for a total amount equal to an additional 3% of the payroll resulting from

the newly created jobs for a period of five years if the local government provides benefits equal to 50% or more of their new local tax revenue; and,

- Maximum benefit from this program is \$750,000 per qualifying business (may be extended up to a total of \$1 million if recommended by DED based on economic modeling and other statistical information and approved by Quality Jobs Advisory Task Force).
  - A volunteer task force, the Quality Jobs Advisory Task Force, is authorized to review special requests from DED for certain projects. The task force would consist of 5 members:
    - The chairperson of the Senate economic development committee, or their designee;
    - The chairperson of the House economic development committee, or their designee;
    - The Director of the Department of Economic Development, or their designee; and
    - Two persons appointed by the governor.