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## **New Markets Tax Credits Stimulating Our State Economy**

JEFFERSON CITY — There's good news on Missouri's economic development front. The General Assembly's passage last year of the New Markets Tax Credit Program I proposed couldn't have come at a better time. With the credit markets tight and the economy in flux, Missouri is still creating jobs and investing in economic growth through the benefits of this unique program.

The New Markets Tax Credit Program is an economic development tool that encourages investment in small businesses located in distressed communities throughout the state. The program allows for a 39 percent credit spread over seven years on state income tax for qualified investments made in Missouri's low-income communities. The Missouri program — modeled after the federal New Markets Tax Credit Program — enables up to \$186 million of new capital investment in Missouri's small businesses through a competitive application process. The maximum annual cost to the state's budget is \$15 million.

Since the program was initiated last year, I know of several Missouri small business lending firms investing in our area due to the New Markets program. Over the last six months, more than \$78 million has been invested in at least 15 Missouri businesses in connection with the program. That's \$78 million flowing into our state's economy and the creation or retention of more than 1,073 jobs! In a tough economy, that's a win-win situation for investors, who will eventually receive a modest tax credit, for promising small business owners, who may have not been able to secure or receive the capital needed for growth from traditional loans, and for the companies' employees, who acquire or keep family-supporting jobs.

These New Markets investments represent a variety of industries, including manufacturing, healthcare, cleantech, hospitality, information technology and more. In one instance, one Missouri business is continuing its growth and innovation as a top manufacturer; one company has relocated its hub to the St. Louis region; and an area public charter school will be able to support the addition of 21 new, permanent teaching jobs.

The benefits of the New Markets Tax Credit Program are enormous. The program attracts large, long-term investors and hundreds of millions of dollars to Missouri's low-income communities, promotes new expansion, creates new job opportunities, and builds on Missouri's existing growth. This economic stimulus for our rural and emerging urban markets is quickly proving to be a very wise decision for Missouri — a very wise decision indeed.

If you have comments or questions about this week's column or any other matter involving state government, please do not hesitate to contact me. You can reach my office by phone at (866) 271-2844.

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