

## Quality Jobs Program

**PURPOSE** - Facilitate new quality jobs by targeted business projects.

**Authorization** - SB343, 2005

**Eligible Areas** - Anywhere in the state of Missouri

**Eligible Businesses** - For-profit and non-profit businesses except for gambling, retail trade, food and drinking places, companies regulated by the Public Service Commission, companies that are delinquent in non-protested taxes or other payments (state, federal or local), or any company that has filed for or has publicly announced its intention to file for bankruptcy. The average wage of the new jobs by the company must equal or exceed the county average wage (as published by DED), and the company must offer health insurance and pay at least 50% of the premium.

• Average Wage: Total annual payroll of the new jobs divided by the average annual number of new jobs.

**To qualify, the company must create a minimum number of new jobs at the project facility prior to the “deadline” date, based on the type of project:**

- Small/Expanding businesses:
  - Rural areas: 20 or more new jobs within two years of the date of the DED proposal.
  - Non-rural areas: 40 or more new jobs within two years of the date of the DED proposal. Non-rural areas would include the counties of Boone, Buchanan, Clay, Greene, Jackson, St. Charles, and St. Louis city and county.
- Technology businesses (classified by NAICS codes):
  - 10 or more new jobs within two years of the date of the DED proposal.
- High Impact businesses:
  - 100 or more new jobs within two years of the date of the hiring of the first new job, and the first new job must be within one year of the date of the DED proposal.

**Program Benefits:** For “Small/Expanding” businesses, the benefits of the program are the retention of the state withholding tax of the new jobs. For “Technology” and “High Impact” businesses, the benefits of the program are (a) the retention of the state withholding tax of the new jobs; and (b) state tax credits, which are refundable and/or sellable. The program benefits are based on a percentage of the payroll of the new jobs. The program benefits are not provided until the minimum new job threshold is met and the company meets the average wage and health insurance requirements. The program benefits are calculated as follows:

- Small/Expanding businesses:

Retain 100% of the withholding tax of the new jobs, each year for:

- Three years - if the average wage of new jobs is 100-119% of county average wage) or
- Five years - if the average wage of new jobs is 120%+ of county average wage).

• Technology businesses:

5% of the payroll of the new jobs each year for five years; **plus:**

- “Average Wage Bonus”.
- Maximum annual tax credits per company are \$500,000. No limit on the withholding tax.

• High Impact businesses:

3% of the payroll of the new jobs each year for five years; **plus:**

- “Average Wage Bonus”
- “Local Incentives Bonus”
- Maximum annual tax credits per company are \$750,000 (or \$1 million, if approved by the Quality Jobs Task Force). No limit on the withholding tax.

**“Average Wage Bonus”** (company average wage as a percentage of county average wage):

- Greater than 120% and up to 140%: 1/2 % bonus of payroll of the new jobs.
- Greater than 140%: 1% bonus of payroll of the new jobs.

**“Local Incentives Bonus”** (amount of local incentives provided to the project as a percentage of the amount of new local tax revenues derived from the project, over 10 years):

- 10-24%: 1% bonus of payroll of the new jobs.
- 25-49%: 2% bonus of payroll of the new jobs.
- 50% or more: 3% bonus of payroll of the new jobs.

Each time the business meets the minimum new job threshold, it may start a new five-year period (three-year for small/existing businesses) for the net new jobs created. There is no limit on the time number of periods a company may use the program, as long as minimum new job thresholds and other program qualifications are met.

**“New jobs”** are defined as full-time (35 or more hours/week), year-round employees of the company that are employed at the project facility, based on the increase from the “base employment” (the average employment for the twelve months prior to the date of DED's approval of the Notice of Intent). In the event the company (or a related company) reduced jobs at another facility in Missouri with related operations, the new jobs at the project facility would be reduced accordingly.

**Eligible Use of Tax Credits:** This tax credit can be applied to Chapter 143 (state income tax, excluding withholding tax) and Chapter 148 (financial institutions tax). Tax credits can

only be applied to tax liability for the year in which they were earned. Any unused balance is refundable. The credits may also be transferred, sold or assigned.

**Funding Limits:** There is no annual cap on the retained withholding taxes. Tax credits issued for the entire program shall not exceed \$12,000,000 per calendar year, which is provided on a first-come basis.

**Application Procedure:** Upon the submission of a “Notice of Intent” by the business, DED will issue a confirmation to the business that will:

- Confirm that the type of project/business is eligible.
- Establish the date “base employment” is calculated.
- Reserve the estimated tax credits for the project.
- Establish the 2-year “deadline” date for the creation of the minimum new jobs to be eligible for the program.

**Reporting:** On an annual basis, the business must submit a report documenting the new jobs created, the total payroll, and confirming that the business meets the health insurance requirements for the new jobs.

#### **Special Program Requirements:**

A business cannot earn benefits for the same new jobs at the project facility under this program if earning benefits under any of the following state programs:

- Missouri Enterprise Zone program or Enhanced Enterprise Zone program
- Business Facility program
- Rebuilding Communities program
- Brownfield Jobs and Investment tax credits

**If a business utilizes the New Jobs Training Bond program, the Quality Jobs benefits would not include the withholding taxes but only the state tax credits.**

For estimated state withholding taxes and county average wages, download full PDF version.

#### **CONTACT**

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