

City of Liberty Enhanced Enterprise Zone

The Missouri Enhanced Enterprise Zone (EEZ) program authorizes a partnership between the State and local communities to provide financial incentives for certain qualifying projects. For the City of Liberty, in its endeavors to provide a tool box of alternative incentives, this would provide a stimulus for new or expanding businesses to create jobs in targeted industry sectors.

This program consists of two types of financial assistance for qualifying projects: local real property tax abatement and state income tax credits.

Statutory Requirements:

Development projects and businesses proposed for EEZ benefits must meet certain statutory conditions required by the State of Missouri in Sections 135.950 to 135.973, RSMo. Projects must also meet conditions adopted by Ordinance No. 9643 of the City of Liberty.

Requirements of Eligible Applicants:

To receive State income tax credits for 5 years and local real property tax abatement of 50% for 10 years if:

- The business is located within an approved Enhanced Enterprise Zone Area
 - The business must be one of the approved business clusters
 - A new or expanded business must create and maintain 2 new employees and \$100,000 new investment
- Or
- A replacement business must create and maintain 2 new employees and \$1,000,000 new investment
- A business must provide health insurance and pay at least 50% of the premium for all full-time employees

Benefits:

- Receipt of state income tax credit, excluding withholding tax.
- Each time the business meets the minimum new job threshold, it may start a new benefit period for the net new jobs. There is no limit on the number of benefit periods a company may use as long as thresholds are met and the total period does not exceed 25 years. Pre-development property taxes remain unchanged
- At least 50% property tax abatement on the new improvements for a minimum of 10 years
 - * *A business may qualify for additional tax abatement if criteria are met as outlined within the City of Liberty Chapter 100 Tax Abatement Policy as amended. (See below)*

Approved Business Clusters

Projects must be for business and industry types specifically authorized by the State of Missouri and the City of Liberty. Businesses must fall within the North American Industry Classification system (NAICS) industry codes as approved by the City of Liberty.

The business clusters approved by Liberty are broad, allowing for a wide variety of business types. Industry codes eligible are:



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Sector name	NAICS
Construction	23
Manufacturing	31 - 33
Wholesale Trade	42
Transportation & Warehousing	48 - 49
Information	51

Sector name	NAICS
Finance & Insurance	52
Professional /Scientific & Tech	54
Management of Companies	55
Health Care & Social Assist	62
Arts/Entertainment & Rec	71
Accommodation & Food Service	721

Certain types of businesses and industry clusters are not available for participation in EEZ programs and are prohibited by state statute from receiving the state tax credits. These include:

- Gaming establishments (NAICS sector 7132)
- Retail trade (NAICS sectors 44 & 45)
- Educational services (NAICS sector 61)
- Religious organizations (NAICS sector 8131)
- Public administrators (NAICS sector 92)
- Food and drinking places (NAICS subsector 722)

Companies applying for benefits under the EEZ program cannot have announced their projects or started construction prior to the approval process.

State Income Tax Credits

Missouri State tax credits may be provided each year for 5 tax years after the project commences operations. To receive tax credits for any of the years, the facility must create and maintain a minimum number of jobs and maintain the minimum investment levels. Companies continuing to expand may apply for the state tax credits for a second 5-year period.

- Investment: The new or expanded business facility investment (real and/or personal property) for the taxable year for which the credit is claimed equals or exceeds one \$100,000. A replacement business facility investment must equal or exceed \$1,000,000 new investment.
- Jobs: Create a minimum of 2 new jobs.
- Health Insurance: Must maintain health insurance at all times, of which at least 50% is paid by employer.

Eligible businesses meeting the above criteria may receive Missouri tax credits per Missouri Statute RSMo 135.967:

- \$400 credit per new job
- \$400 credit per new employee-zone resident
- \$400 credit per new employee receiving salary higher than county average
- Up to 2% new investment
- Note: Total in any year is lesser of amount per above formula or amount authorized by DED for facility at time of approval
- Issuance of tax credits is at the discretion of DED and subject to an annual limit on the amount of income tax credits that can be awarded each year

Local Property Tax Abatement

A business facility meeting the above criteria, and containing a targeted industry awarded state tax credits, will receive a real property tax abatement equal to 50% of the increase in ad valorem taxes for a period of 10 years following the date such improvements were assessed. Awarding tax abatement is at the discretion of the City Council. Upon meeting further criteria outlined with City of Liberty's Chapter 100 Tax Abatement policy, the City Council, at its discretion, may approve a larger abatement.

- ❖ *A business may qualify for additional tax abatement under EEZ if criteria are met as outlined within the City of Liberty Chapter 100 Tax Abatement Policy as amended*



Chapter 100 Tax Abatement Policy

Additional Criteria for Higher Abatement

Enhanced Abatement

1. Up to 75% property tax abatement for ten (10) years for businesses that invest at least \$6,000,000 or more for a new business or at least \$3,000,000 or more for expansion of an existing business and:
 - a. At least 50 new full-time employees will be hired as a result of the business.
 - b. The average wage of all full-time employees exceeds the County average wage as published by the Missouri Department of Economic Development (DED).
2. As an additional enhancement, businesses that achieve any of the following standards may receive an additional bonus abatement for each satisfied standard (no business shall exceed 90% abatement):
 - a. For every 30 new full-time employees hired above the initial 50 to qualify for the enhanced abatement, a business may receive an additional 1% (not to exceed 10%).
 - b. For every 5% of full-time employees that are paid above double the average County wage as published by the Missouri Department of Economic Development (DED) may receive an additional 1% (not to exceed 10%).
 - c. A business that is located within a business park that is planned as a Green Park may receive an additional 5%.
 - d. The particular building is LEED certified or is designed with a high attention to architectural detail and is comprised of high quality building materials may receive an additional 5%.

Science & Technology/Office Abatement

1. Up to 100% property tax abatement for ten (10) years for businesses that invest at least \$6,000,000 or more for a new business or at least \$3,000,000 or more for expansion of an existing business and:
 - a. The business must be a science, research technology, or engineering based business that is related to agricultural, biological, life sciences, informational technology, or engineering research.

or

The project must be a Class A office building of at least three or more stories.
 - b. The business and/or project must be located within science and technology designated priority areas.
 - c. At least 30 new full-time employees to Liberty will be hired as a result of the business or project.
 - d. The average wage of all full-time employees exceeds the County average wage as published by Missouri Department of Economic Development (DED).



