



LOAN GUARANTEE FEE TAX CREDIT PROGRAM

MISSOURI DEPARTMENT OF ECONOMIC DEVELOPMENT

NOTICE

Pursuant to HB 191 (2009), the Loan Guarantee Fee Tax Credit Program is being phased out of existence. No tax credits shall be issued on or after September 28, 2009.

PURPOSE

Reduce the costs to small businesses in financing projects by providing tax credits for certain federal loan guarantee programs.

The Missouri Department of Economic Development (DED) will issue state income tax credits to an "eligible small business" for the amount of the guarantee fee paid to the U.S. Small Business Administration (SBA) or the U.S. Department of Agriculture (USDA) for a small business loan.

AUTHORIZATION

Section 135.766, RSMo:

"An eligible small business, as defined in Section 44 of the Internal Revenue Code, shall be allowed a credit against the tax otherwise due pursuant to chapter 143, RSMo, not including sections 143.191 to 143.265, RSMo, in an amount equal to any amount paid by the eligible small business to the United States Small Business Administration as a guaranty fee pursuant to obtaining Small Business Administration guaranteed financing and to programs administered by the United States Department of Agriculture for rural development or farm service agencies."

ELIGIBLE AREAS

Statewide.

ELIGIBLE APPLICANTS

A small business defined in Section 44 of the IRS code must (in the prior tax year) have gross receipts of less than \$1 million; or if more than \$1 million, less than 30 full time employees.

PROGRAM BENEFITS/ELIGIBLE USES

This tax credit can be applied to:

- Ch. 143 – Income tax, excluding withholding tax

This credit has no special attributes and must be applied to tax liability for the year it was earned.

FUNDING LIMITS

There is no limit on the amount per business or total amount distributed annually.

APPLICATION/APPROVAL PROCEDURE

A business should submit an application to DED within one year from the date the loan is disbursed to the business.

CONTACT

Missouri Department of Economic Development

Division of Business and Community Services

Business and Community Finance Team

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SBA programs: www.sbaonline.sba.gov/financing/indexloans.html

USDA Business and Industry Guarantee: www.rurdev.usda.gov/rbs/busp/bprogs.htm

TAX CREDIT ANALYSIS

Program Name: Loan Guarantee Fee Tax Credit		
Department: Economic Development	Contact Name & No.: Brenda Horstman 751-3713	Date: October, 2010
Program Category: Entrepreneurial	Type: Tax Credit <input checked="" type="checkbox"/> Other (specify) _____	
Statutory Authority: 135.766, RSMo	Applicable Taxes: Income taxes	
Program Description and Eligibility Requirements: Program has sunset -- No new applications accepted. Tax credit to an eligible small business that pays a guarantee fee to the US Small Business Administration or the US Department of Agriculture for a small business loan.		
Explanation of How Award is Computed: Entitlement <input checked="" type="checkbox"/> Discretionary _____ The tax credit is equal to 100% of the guarantee fee.		
Program Cap: Cumulative \$ _____ (remainder of cumulative cap) \$ _____ Annual \$ _____ None <input checked="" type="checkbox"/>		
Explanation of cap: Per section 33.282, RSMo, the Senate Appropriations Committee did not approve the estimations for this program. Therefore, no credits will be issued after 12/31/2007. In 2008, the Committee did approve the estimations, therefore, credits will again be issued beginning January 1, 2009. No new issuances may occur after Sept. 27, 2009 per HB191 (2009).		

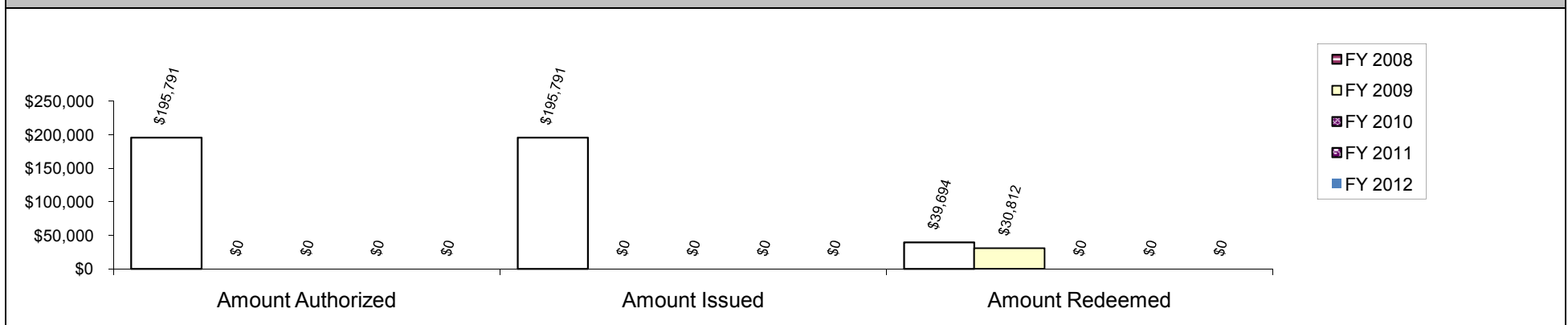
Explanation of Expiration of Authority:

Specific Provisions: (if applicable)
Carry forward _____ years Carry Back _____ years Refundable _____ Sellable/Assignable _____ Additional Federal Deductions Available _____

Comments on Specific Provisions: This credit has no special attributes and must be applied to tax liability for the year it was earned.

	FY 2008 ACTUAL	FY 2009 ACTUAL	FY 2010 ACTUAL	FY 2011 (current year)	FY 2012 (budget year)
Certificates Issued (#)	21	0	0	0	0
Projects (#)	21	0	0	0	0
Amount Authorized	\$195,791	\$0	\$0	0	0
Amount Issued	\$195,791	\$0	\$0	0	0
Amount Redeemed	\$39,694	\$30,812	\$0	0	0
EST. Amount Outstanding	N/A	N/A	\$0	N/A	N/A
EST. Amount Authorized but Unissued	N/A	N/A	\$0	N/A	N/A

HISTORICAL AND PROJECTED INFORMATION



TAX CREDIT ANALYSIS

Program Name: Loan Guarantee Fee Tax Credit

Comments on Historical and Projected Information:

BENEFIT: COST ANALYSIS (includes only state revenue impacts)

	FY 2010 ACTUAL	Other Fiscal Period (31 years)	Derivation of Benefits:
BENEFITS			
Direct Fiscal Benefits			
Indirect Fiscal Benefits			
Total	\$0	\$0	
COSTS			
Direct Fiscal Costs			
Indirect Fiscal Costs			
Total	\$0	\$0	
BENEFIT: COST	#DIV/0!	#DIV/0!	

PERFORMANCE MEASURE(S)