

ENHANCED ENTERPRISE ZONE (EEZ) TAX BENEFIT PROGRAM

What is an Enhanced Enterprise Zone?

An Enhanced Enterprise Zone (EEZ) is a specific geographic area designated by local governments and certified by the Department of Economic Development (DED). Zone designation is based on certain demographic criteria, the potential to create sustainable jobs in an industry and a demonstrated impact on local industry cluster development.

Purpose of an EEZ

An EEZ is an Economic Development tool established by the Missouri State Legislature (sections 135.950 to 135.973, RSMo) for local government use to provide a means of tax credits to new or expanding businesses. In today's very competitive world local communities are competing with not only other communities in the surrounding area, but with communities within the state, surrounding states, and also the international market place. The more incentives that a community can offer to a new or expanding business the better chance the community has to attract the company and therefore create jobs and improve the quality of life for the local citizens by offering more goods and services.

Establishing the EEZ Area – includes property in Republic, Greene County, and Christian County (see attached Map)

Using the 2000 Census and EEZ Data from the Missouri DED an analysis of the physical, social, and economic characteristics of tract combinations were run to generate values to determine if the combined area meets EEZ guidelines. After numerous attempts an area that meets EEZ guides was defined and is shown in the attached map. To qualify for an EEZ the area must:

1. Be blighted, have pervasive poverty, unemployment, and general distress;
2. 60% of the residents have incomes below 90 % of the median income of all residents;
3. Resident population at least 500 but less than 100,000;
4. Unemployment level equal to or exceeds the state, county, or city level;

How the Program works

The EEZ Program is a discretionary program offering state tax credits to Enhanced Business Enterprises. Tax credits may be provided each year for up to ten tax years after the project is started. To receive the tax credits in any of the ten years, the new business must create at least 2 new jobs and have \$100,000 in new investment in that year as compared to a base year (the year prior to starting operations). Eligible investment expenditures include the cost of machinery, equipment, furniture, fixtures, and land/building (inventory is not eligible). Businesses that are eligible for tax credits in the EEZ are manufacturing, mining, warehouse/distribution and wholesale trade. Businesses that are not eligible include retail trade, food and drink, and gambling establishments.

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The steps to establish the EEZ

1. Present EEZ to Republic Board of Alderman for approval to proceed
2. Republic and both Greene and Christian Counties pass a Resolution (Ordinance) establishing the 7 member board. Identify whom will be on the EEZ Board representing Republic, Greene County, and Christian County.
3. The EEZ board approves the map and data used to generate the EEZ
4. Hold a Public Hearing on the EEZ with representation from the Missouri Department of Economic Development (DED)
5. Prepare the joint EEZ application from Republic, Greene County, and Christian County and submit it to DED for approval