

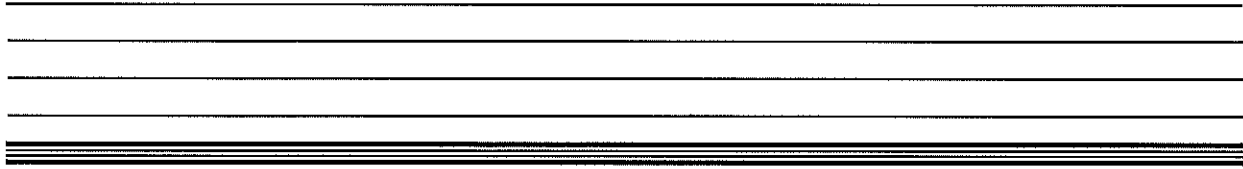
Oversight Division

Committee On Legislative Research

SUNSET REVIEW

MANUFACTURING JOBS ACT

2015



Sunset Review
MANUFACTURING JOBS ACT

*Prepared for the Committee on Legislative Research
by the Oversight Division*

Mickey Wilson, CPA, Director

Review Team: Jeani Hancock, MPA and Sarah Juergensmeyer

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Committee on Legislative Research Oversight Subcommittee

THE COMMITTEE ON LEGISLATIVE RESEARCH, Oversight Division, is an agency of the Missouri General Assembly as established in Chapter 23 of the Revised Statutes of Missouri. The programs and activities of the State of Missouri cost approximately \$26 billion annually. Each year the General Assembly enacts laws which add, delete or change these programs. To meet the demands for more responsive and cost effective state government, legislators need to receive information regarding the status of the programs which they have created and the expenditure of funds which they have authorized. The work of the Oversight Division provides the General Assembly with a means to evaluate state agencies and state programs.

THE COMMITTEE ON LEGISLATIVE RESEARCH is a permanent joint committee of the Missouri General Assembly comprised of the Chairman of the Senate Appropriations Committee and nine other members of the Senate and the Chairman of the House Budget Committee and nine other members of the House of Representatives. The Senate members are appointed by the President Pro Tem of the Senate and the House members are appointed by the Speaker of the House of Representatives. No more than six members from the House and six members from the Senate may be of the same political party.

Sunset reviews are assigned to the Oversight Division pursuant to Sections 23.250 to 23.298. After August 28, 2003, any new program authorized by the General Assembly shall sunset not more than six years after its effective date unless reauthorized by the General Assembly. The Oversight Division shall conduct a performance evaluation of the program as set forth in statute and prepare a written report. The report shall make recommendations on the sunset, continuation, or reorganization of a program.

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**COMMITTEE ON LEGISLATIVE RESEARCH
STATE OF MISSOURI
STATE CAPITOL
JEFFERSON CITY, MISSOURI 65101**

Members of the General Assembly:

The Joint Committee on Legislative Research is required by Section 23.259.1(3), RSMo to conduct performance evaluations of sunseting programs to determine and evaluate program performance in accordance with program objectives, responsibilities, and duties as set forth by statute or regulation. The Oversight Division has reviewed the Manufacturing Jobs Act.

The report includes Oversight's comments on (1) the sunset, continuation, or reorganization of the programs, and on the need for the performance of the functions of the programs; (2) the duplication of program functions; (3) the appropriation levels for each program for which sunset or reorganization is recommended; and possibly (4) drafts of legislation necessary to carry out the committee's recommendations pursuant to (1) and (2) above.

We hope this information is helpful and can be used in a constructive manner for the betterment of the state program to which it relates. You may obtain a copy of the reports from the Oversight Division website at <http://www.moga.mo.gov/htmlpages/losunsetreview.html>.

Respectfully

A handwritten signature in black ink, appearing to read "Kevin Engler".

Representative Kevin Engler
Chairman

EXECUTIVE SUMMARY

The Manufacturing Jobs Act was established, in 2010, to encourage automotive manufacturing companies from leaving Missouri and to encourage automotive supplier companies to relocate or expand in Missouri. The program allows qualified companies to retain the withholding tax normally forwarded to the state for new or retained jobs. The program is administered by the Department of Economic Development and eight companies are participating.

Manufacturing companies share a \$15 million annual cap and supplier companies have no cap. Currently the cap is reached for manufacturing companies so no more would be allowed to participate. The supplier companies have been authorized to retain \$1,691,662 in withholding taxes.

The Oversight Division obtained and reviewed information from the Department of Economic Development on this program related to activities since its creation in FY 2010 through FY 2015, and this report is the result of our review.

Since the current qualified manufacturers have been authorized to retain withholding equal to the cap allowed for the program and no additional manufacturers would be allowed to apply for this program, Oversight recommends the General Assembly allow the Manufacturing Jobs Act to expire in October 2016.

Chapter 1

Purpose/Objectives

The General Assembly has provided by law that the Joint Committee on Legislative Research will conduct a performance evaluation of a program subject to the Missouri Sunset Act. The committee shall consider the criteria as listed in Section 23.268, RSMo in determining whether a public need exists for the continuation of a program, or for the performance of the functions of the program. A sunset review is the regular assessment of the continuing need for a state program to exist. A sunset review answers the basic questions of what has happened to this program since its inception and does the State of Missouri continue to “need” the services provided by the program.

The Joint Committee on Legislative Research directed the Oversight Division to conduct a sunset review of the Missouri Department of Economic Development’s Manufacturing Jobs Act, Section 620.1910, RSMo. This report provides the status on the Manufacturing Jobs Act as created by Senate Committee Substitute for House Committee Substitute for House Bill 2 in the 2010 Extraordinary Session and fulfills the requirement as established by Section 23.268, RSMo.

The Oversight Division review addressed, but was not limited to the following:

1. Compiling and reviewing data related to the program since its inception.
2. Analyzing related events and changes to the program since its inception.

Scope

The Oversight Division obtained and reviewed information from the Department of Economic Development on the Manufacturing Jobs Act from its creation in Fiscal Year 2010 through Fiscal Year 2015.

Methodology

The Oversight Division reviewed information on the Manufacturing Jobs Act in statute and through correspondence with the Missouri Department of Economic Development (DED). Oversight also interviewed DED staff who work directly with the program and reviewed documents related to the program.

Agency Involved

The Missouri Department of Economic Development is the primary state agency devoted to the state's programs for business and community development. DED is composed of divisions, boards, and commissions which execute statutory requirements, develop program regulations, and implement policy in the areas of community, economic, and workforce development. The divisions, boards, and commissions work with businesses and communities to help firms create jobs, increase sales, find and train qualified workers, identify sites, and obtain financial support to locate or expand in Missouri, promote capital investment, and increase the self-sufficiency of communities in the state.

The Department of Economic Development, Division of Business and Community Services (BCS) offers programs and incentives for businesses and communities to create a pro-business climate and strong community partnerships where businesses can thrive. BCS is also the administrative agency for the Manufacturing Jobs Act to encourage automobile manufacturing in the state.

Background

The Manufacturing Jobs Act, Section 620.1910, RSMo was created in the 2010 Extraordinary Session to encourage automotive manufacturers to remain in Missouri. The program is administered by the Department of Economic Development.

The Manufacturing Jobs Act allows a qualified manufacturing company, upon approval of a notice of intent filed with the Department of Economic Development, to retain 100% of the withholding taxes from full-time jobs at the facility for 10 years if it manufactures a new product, or to retain 50% of withholding taxes from full-time jobs for seven years if it modifies or expands an existing product line. The qualified manufacturer must make a capital investment of at least \$75,000 per job for a new product or \$50,000 per job for an existing product. The qualified manufacturers part of the program has a \$15 million annual cap.

The program also allows a qualified supplier, upon approval of a notice of intent filed with the Department of Economic Development, to retain 100% of the withholding taxes from new jobs for three years. The average wage for the supplier portion of the program is equal to or exceeds the lower of the county average wage for Missouri as determined by the department using NAICS industry classifications, but not lower than sixty percent of the statewide average wage. The qualified suppliers must add a minimum number of jobs and provide a minimum level of health insurance to full time employees in order to qualify.

Qualified manufacturers under the Manufacturing Jobs Act are prohibited from also participating in the Business Facility, Enterprise Zone and Rebuilding Communities tax credit programs. However, they may receive additional benefits under the New Jobs Training Program, the Job Retention Program, the Real Property Tax Increment Allocation Development Act and the Missouri Downtown and Rural Economic Stimulus Act.

The Manufacturing Jobs Act has a sunset date of October 12, 2016 unless reauthorized by the General Assembly. No changes have been made to the sunset language of this section of statute after the enabling legislation was passed; therefore, the provisions are currently scheduled to sunset in 2016 and terminate on September 1, 2017. The sunseting of this program would only impact the authorization of new participants and would not impact those already authorized.

Legislative History

During the 2010 Regular Session, House Bill 1675 was introduced to create the Manufacturing Jobs Act. However, House Bill 1675 was not passed by the General Assembly. Governor Nixon then issued a proclamation declaring June 24, 2010 as the start of a special session for the purpose “to enact legislation establishing an economic development program designed to support and strengthen the automobile manufacturing and supplier industry through the providing of benefits in the form of retained withholding taxes for qualifying jobs at automobile manufacturing facilities and their suppliers.”

In the Extraordinary Session of 2010, Senate Committee Substitute for House Committee Substitute for House Bill 2 (HB 2) created the Manufacturing Jobs Act in Section 620.1910 RSMo. HB 2 included a provision for an automatic sunset of six years from the effective date of the program, or October 12, 2016, with a termination date of September 1, 2017, unless the program was re-authorized by an act of the General Assembly.

House Bill 2 was introduced to give qualified automobile manufacturers an incentive to maintain and expand their manufacturing facilities in Missouri. The incentive allows a company that makes a large capital investment to retain the withholding taxes normally forwarded to the State. Qualified suppliers of the manufacturing companies that also meet certain requirements are also entitled to an incentive.

In the 2013 Regular Session of the Missouri General Assembly, Senate Committee Substitute for House Bill 196 (HB 196) made changes to the Act. The Manufacturing Jobs Act originally implemented restrictions for companies to participate in other economic development programs and tax credits administered by Missouri. Section 620.1910 specifically named programs that could or could not be combined with the Manufacturing Jobs Act. HB 196 changed the New Jobs Training Program to the Missouri Works Program. Since this program was specifically mentioned in the Manufacturing Jobs Act, HB 196 updated the language to reflect the name change of the program. HB 196 did not make any other changes to the Act.

The Department of Economic Development was given rule making authority for this program but has not promulgated any rules or regulations for the Manufacturing Jobs Act.

Chapter 2 - Automotive Manufacturing Industry

The mass production of automobiles has been around since the early 1900's. Henry Ford's creation of the assembly line in 1913, revolutionized the automobile industry and the concept of manufacturing worldwide.

According to the American Automotive Policy Council (AAPC) there are three United States companies, out of sixteen world wide, that compete in the manufacturing of automobiles. Those three US companies are Ford Motor Company, General Motors and FCA US LLC (formerly the Chrysler Group). AAPC represents the public policy interest of its member companies which include all three of the US companies. AAPC states that these three US companies currently operate more than 180 assembly plants, factories, research labs, distribution centers and other facilities in the United States. AAPC also identifies Toyota, Honda, Nissan, Hyundai/Kia, BMW, Mercedes/Daimler and Volkswagen as the seven largest foreign automotive makers that also have manufacturing facilities in the United States.

Table 1 - AAPC Breakdown of Manufacturers in the United States

COMPANY	Percent of US Automotive Employment in 2014	Number of US Assembly Plants
General Motors	25.92%	12
Ford	23.93%	9
FCA US LLC (Chrysler)	18.84%	7
Toyota	9.21%	4
Honda	8.12%	5
Nissan	4.02%	2
BMW	2.59%	1
Hyundia/Kia	2.28%	2
Other	1.95%	1
Volkswagen	1.71%	1
Mercedes/Daimler	1.42%	2

Source: American Automotive Policy Council

The North American Industry Classification (NAIC) for the automotive manufacturing industry is 33611. The companies with a code of 33611 are companies that comprise establishments primarily engaged in (1) manufacturing complete automobiles (i.e., body and chassis or unibody) or (2) manufacturing automobile chassis only. Currently in Missouri there are only two such qualified manufacturing companies. They are the Ford Motor Company and General Motors. The Ford Motor Company plant located in Claycomo manufactures F150 trucks but the new product line added was Transit vans, and the General Motors plant located in Wentzville manufactures several vehicles including the Chevy Colorado.

Fortune Magazine each year publishes a list of the world's top 500 companies based on revenues generated. The 2015 Fortune 500 list includes General Motors (ranked sixth) and Ford Motor Company (ranked ninth). None of the other automotive manufacturers identified by the American Automotive Policy Council made the Fortune 500 list.

The National Association of Manufacturers maintains records on the manufacturing industry in each state. They categorize each manufacturing industry by type. The automotive manufacturing industry is classified as Motor Vehicle and Parts. For each state they maintain a chart listing the top ten manufacturing sections in that state by millions of dollars. Missouri's third ranked industry is the Motor Vehicles and Parts industry. Missouri's first two industries are Food, Beverage and Tobacco Products (\$7,515 million) and the Chemical Products (\$6,147 million), respectively. The following chart indicates the top states where manufacturing of motor vehicles and parts is ranked as one of the largest manufacturing sectors for that state.

Table 2 - Top States in Automotive Production

State	Automotive Industry output in Millions of Dollars	Ranking of Motor Vehicle & Parts Industry within that State
Michigan	\$31,640	1st
Indiana	\$15,458	2nd
Ohio	\$10,390	4th
Tennessee	\$7,241	1st
Kentucky	\$6,814	1st
Alabama	\$5,133	1st
South Carolina	\$3,967	2nd
Missouri	\$3,557	3rd

Source: National Association of Manufacturers

The Alliance of Automotive Manufacturers (Auto Alliance) is an advocacy group for the automobile industry and their manufacturers. They maintain information on all the automotive manufacturers in each state. The Auto Alliance maintains records regarding the number of automotive jobs, the number of suppliers, manufacturers and the number of production facilities in each state. Looking at the large automotive production states as identified by the National Association of Manufacturers we can compare the number of jobs created and number of suppliers and manufacturers. Note the number of auto jobs below includes manufacturers, suppliers, dealerships, retail and repair.

Table 3- Automobile Industry Employment

State	Number of Auto Jobs in State	Percent of US Auto Jobs	Percent of State Job Force
Michigan	943,619	13%	19.9%
Ohio	629,178	8.7%	11%
Indiana	420,576	5.8%	13%
Tennessee	268,868	3.7%	9.0%
Kentucky	205,799	2.8%	10.3%
Missouri	167,062	2.3%	5.5%
Alabama	165,472	2.3%	7.8%
South Carolina	138,791	1.9%	6.3%

Source: Alliance of Automotive Manufacturers

Chapter 3 - Manufacturing Jobs Act

On June 24, 2010 Governor Jeremiah W. (Jay) Nixon called the General Assembly into an Extraordinary Session by his proclamation that stated the General Assembly was “to enact legislation establishing an economic development program designed to support and strengthen the automobile manufacturing and supplier industry through the providing of benefits in the form of retained withholding taxes for qualifying jobs at automobile manufacturing facilities and their suppliers.” The General Assembly answered that call and passed the Manufacturing Jobs Act on July 14, 2010. Governor Nixon signed the legislation into law on July 15, 2010.

Section 620.1910, RSMo known as the Manufacturing Jobs Act, provides incentives to “qualified manufacturers” and “qualified supplies” for job creation and job retention in the automotive manufacturing industry. These automotive companies are encouraged to relocate or expand in Missouri and, upon meeting certain requirements, are allowed to retain the withholding taxes normally remitted to the State.

Qualified Manufacturing Companies

The Manufacturing Jobs Act defines a qualified manufacturing company as having a NAICS code of 33611 and:

- Manufactures goods at a facility in Missouri throughout the period in which the company receives benefits under the act; and
- Commits to make a capital investment of at least \$75,000 per retained job at the facility for the *manufacture of a new product* within two years of beginning to retain withholding taxes; or
- Commits to make a capital investment of at least \$50,000 per retained job at the facility for the *modification or expansion of the manufacture of an existing product* within two years of beginning to retain withholding taxes.

Currently there are only two companies accepted as qualified manufacturers in this program. They are the Ford Motor Company and General Motors. Ford has committed to retaining 3,850 jobs while General Motors has committed to retaining 1,348 jobs.

Qualified Manufacturing Companies Withholding Limits

According to the requirements of the Manufacturing Jobs Act, an approved qualified manufacturing company is allowed to retain 100% of the withholding taxes from full-time jobs at the facility for ten years if it manufactures a new product. If the approved qualified manufacturing company decides to modify or expand an existing product, they may retain 50% of withholding taxes from full-time jobs for seven years. Both Ford Motor Company and General Motors created new product lines, and therefore qualified for 100% of the withholding tax for 10 years.

Table 4 - Qualified Manufacturing Companies

Manufacturing Company	Total Authorized	Authorized Date	Benefits Allowed in Calender Years
Ford Motor	Up to \$100,000,000 over 10 years	1/18/2011	2014-2023
General Motors	Up to \$50,000,000 over 10 years	10/25/2011	2013-2022

Source: Department of Economic Development

A review of the Manufacturing Jobs Act records indicates that as of August 5, 2015 the following amounts have been withheld by Ford Motor and General Motors.

Table 5 - Benefits Received/Anticipated

Manufacturing Company	CY 2013 Benefits Received	CY 2014 Benefits Received	CY 2015 Benefits Received as of July	CY 2015 Anticipated Benefits	CY 2016 - CY 2022 Anticipated yearly	CY 2023 Anticipated
Ford Motor	Not eligible	\$10,000,000	\$0	\$10,000,000	\$10,000,000	\$10,000,000
General Motors	\$5,000,000	\$5,000,000	\$2,301,470	\$5,000,000	\$5,000,000	\$0

Source: Department of Economic Development

Qualified Suppliers Defined

The Manufacturing Jobs Act also allows a qualified supplier company to qualify for benefits. A qualified supplier must:

- Attest to the Department of Economic Development that it derives more than 10% of its total annual sales revenue from sales to a qualified manufacturing company;
- Add five or more new jobs;
- Pay wages for the new jobs that are equal to or exceeds the lower of the county average wage for Missouri as determined by the department using the NAICS industry classifications but are not lower than 60% of the statewide average wage; and
- Provide health insurance for all full-time jobs and pay at least 50% of the health insurance premiums.

Currently in Missouri, six supplier companies have applied and been approved for benefits under the Manufacturing Jobs Act. Those six companies are Challenge Manufacturing Holdings, Inc; Faurecia Automotive Seating; Ground Effects LLC; Henniges Automotive Sealing Systems; Piston Automotive; and Tenneco Automotive Operating Company. The table below indicates the number of new jobs pledged by the supplier company, which manufacturer the supplier is providing services and where the supplier is located.

Table 6 - Supplier Company Information

Company	Number of New Jobs	Associated Manufacturer	Plant Location
Challenge Manufacturing Holdings, Inc	102	General Motors	Bridgeton, St. Louis County
Faurecia Automotive Seating	141	General Motors	Wentzville, St. Charles County
Ground Effects LLC	60	General Motors	Wentzville, St. Charles County
Henniges Automotive Sealing Systems	200	General Motors	New Haven, Franklin County
Piston Automotive	52	Ford	North Kansas City, Clay County
Tenneco Automotive Operating Company	40	Not identified*	Kansas City, Jackson County

Source: Department of Economic Development

*Tenneco has until November 6, 2015 to file the second part of the Notice of Intent in which they identify their manufacturer. At that time they will be allowed to begin retaining the withholdings.

Withholding Limits - Suppliers

Under the Manufacturing Jobs Act, any approved qualified supplier is allowed to retain 100% of the withholding taxes from new jobs created for three years. If the qualified supplier pays wages for the new jobs that are equal to or greater than 120% of the county average wage for Missouri as determined by the Department of Economic Development using the NAICS industry classification, it can retain the withholding taxes for five years. At this time all qualified suppliers are approved for retaining withholding for three years.

Table 7 - Qualified Supplier Companies Benefits Anticipated

Manufacturing Supplier Company	Total Authorized	Authorized Date	Benefits Allowed Calendar Years
Challenge Manufacturing Holdings	\$266,819	7/9/2014	2015-2017
Faurecia Automotive Seating	\$548,632	11/7/2013	2015-2017
Ground Effects LLC	\$111,566	4/30/2014	2015-2017
Henniges Automotive Sealing Systems	\$547,677	4/24/2013	2014-2016
Piston Automotive	\$104,305	7/1/2014	2014-2016
Tenneco Automotive Operating Company	\$112,663	3/10/2015	2016-2018
Total Authorized	\$1,691,662		

Source: Department of Economic Development

As of August 5, 2015, only one company, Henniges Automotive Sealing Systems has begun the retention of withholdings. Hennings has retained \$254,699.

Applying for the Program

In order for a company to apply for benefits they must first submit a Notice of Intent with the Department of Economic Development. The Notice of Intent must include the minimum number of such new or retained jobs and the minimum amount of capital investment. The Department of Economic Development verifies that the minimum number of jobs and capital investment meet the requirements established under this program. If it is determined that the company qualifies, an approval letter is sent to the company.

Approval Process

Upon issuance of the approval letter, the Department of Economic Development (DED) verifies the company is in good standing. Copies of tax clearance notices, Office of the Secretary of State business filing records and company health insurance information is also obtained. Additionally, DED receives lists of employees hired and salaries. DED verifies information received prior to the company being allowed to begin their retention of withholdings.

Oversight reviewed the records of the program to ensure DED maintained the records in compliance with statutes and DED's written procedures. All the files were reviewed and contain the required information.

Good Business Standing

Oversight reviewed the Office of the Secretary of State's business records to determine if all the companies receiving benefits under the Manufacturing Jobs Act are considered to be in good standing. Oversight determined that each company is in good standing. The table below shows for each company the day they were created. As noted, all the companies but one were in existence prior to the creation of the Manufacturing Jobs Act.

Table 8 - Business Filing Dates

Company	Creation Date
Ford Motor Company	5/5/1920
General Motors	10/19/2009*
Challenge Manufacturing Company	12/30/2013
Faurecia Automotive Seating	1/20/2006
Ground Effects LLC	4/2/2003
Henniges Automotive Sealing Systems	9/7/2004
Piston Automotive	11/13/2007
Tenneco Automotive Operating Company	9/18/1989

Source: Office of the Secretary of State website

* Company refiled after the government bailout.

Clawback Policies

If the required amount of capital investment is not made within the two-year period, the qualified manufacturing company shall immediately cease retaining any withholding tax with respect to jobs at the facility and it shall forfeit all rights to retain withholding tax for the remainder of the withholding period. In addition, the qualified manufacturing company shall repay any amounts of withholding tax retained plus interest of five percent per annum. However, in the event that such capital investment shortfall is due to economic conditions beyond the control of the qualified manufacturing company, the director may, at the qualified manufacturing company's request, suspend rather than terminate its privilege to retain withholding tax under this section for up to three years. Any such suspension shall extend the withholding period by the same amount

of time. No more than one such suspension shall be granted to a qualified manufacturing company.

If the qualified manufacturing company discontinues the manufacturing of the new product and does not replace it with a subsequent or additional new product manufactured at the facility at any time during the withholding period, the qualified manufacturing company shall immediately cease retaining any withholding tax with respect to jobs at that facility and it shall forfeit all rights to retain withholding tax for the remainder of the withholding period. The company would then be required to pay back any money previously withheld plus five percent interest.

No company at this time has been subject to the clawback provisions. All companies accepted into the program so far, have made the required investment.

Comparison to Other States

The states identified by the National Association of Manufacturers as having the largest automotive manufacturers are Alabama, Indiana, Kentucky, Michigan, Missouri, Ohio, South Carolina and Tennessee. The Manufacturing Jobs Act in Missouri is an economic development program for the automotive industry only. Oversight reviewed these other states and found that none offered an economic incentive strictly of automobile manufacturers. These other states offer economic development incentives including tax credits, tax abatements and withholdings to manufacturers in all industries. Similar to the Manufacturing Jobs Act, these states require minimum capital investments and employee benefits in order for a company to qualify.

Comments

Agency Recommendations

The Department of Economic Development does not have any recommendations for legislative changes that need to be made to this program.

Oversight Recommendations

Oversight notes the purpose of the program was to retain the Ford Motor Company in its Claycomo plant and General Motors in its Wentzville plant. The program achieved that goal. Both companies have made sizable capital investments and commitments to stay in Missouri for the next ten years.

Oversight notes an additional purpose of this program was to encourage supplier companies to expand or locate in Missouri. As noted previously, only one of the six qualified supplier companies came to Missouri after the creation of this program. It appears this program has not adequately encouraged companies to relocate in Missouri.

Oversight recommends this program be allowed to sunset.

Recommendations

Possible options available to the Missouri General Assembly include letting the program expire or extending the sunset of the program:

- First, the General Assembly could allow the program to expire in October 2016, by taking no further action regarding this program. A possible negative impact of this action could be less qualified suppliers coming to Missouri.
- Second, the General Assembly can extend the sunset up to an additional twelve years (roughly until October 2028).
- Third, the General Assembly could extend the program for a period of time less than the stated twelve years.

If the Missouri General Assembly were to allow the Manufacturing Jobs Act to expire in 2016, the current manufacturers and suppliers would still be allowed to retain withholdings until their current benefit period expires.

Jeremiah W. (Jay) Nixon
Governor



Mike Downing, CEcD
Director

September 9, 2015

Mr. Mickey Wilson, CPA
Oversight Division Director
Joint Committee on Legislative Oversight
State of Missouri
Room 132, State Capitol
Jefferson City, MO 65101

Dear Director Wilson:

In response to the *Oversight Recommendations* on page 14 regarding the Sunset Review of the Manufacturing Jobs Act, second paragraph, the Department of Economic Development acknowledges that one supplier relocated a new facility to Missouri. DED also feels it is important to report that five (5) suppliers expanded in Missouri and received benefits from the Manufacturing Jobs Act program. In addition, there have been at least 29 suppliers who have announced new or expanding projects in Missouri since 2009. While these suppliers received no direct benefit from the program, the majority of these announcements are a result of new products created through Ford Motor Company and General Motors and can be attributed to their participation in the Manufacturing Jobs Program. Viewed from an economic perspective then, the program has been a great success.

If you have any questions regarding this response, please contact Ms. Stacey Hirst at (573) 526-7863.

Sincerely,

A handwritten signature in black ink, appearing to read "MD", written in a cursive style.

Mike Downing, CEcD
Director

c: Sallie Hemenway, Director, Division of Business & Community Services