MISSOURI DATA BOOK

MISSOURI

DEPARTMENT OF ECONOMIC DEVELOPMENT

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MISSOURI
DEPARTMENT OF ECONOMIC DEVELOPMENT

OVERVIEW

Missouri is located near the country's geographic and population centers and is a virtual "next-door-neighbor" to at least 20 states. It's also within 500 miles of 43% of the U.S. population, 49% of all U.S. manufacturing plants and much more. Our proximity also allows for efficient "quick shipping" to every market in the U.S., as well as major markets in Canada, Mexico, Central and South America, and the Far East.

Missouri is one of two states with eight neighbors: Iowa on the north; Arkansas and Tennessee on the south; Illinois, Kentucky, and Tennessee on the east; and Nebraska, Kansas and Oklahoma on the west. Missouri covers 69,674 square miles, making it the 21st largest state.

A strong, stable and diverse economy is an important reason why businesses find success in Missouri. Companies of all sizes thrive in the Show-Me State.

When you're considering a new site for your business, location can mean everything. Affordable, efficient access to necessary resource materials, points of distribution and other key market areas is essential to your business. That's why, with its central location, Missouri should be at the top of your list!

A strong, stable and diverse economy is an important reason why businesses find success in Missouri. Companies of all sizes thrive in the Show-Me State.

Our economy is specialized in communications, transportation, non-durable manufacturing, wholesale trade, health services, construction and durable manufacturing.

Emphasis on Life Sciences

Special emphasis is placed on developing high-tech industries such as the life sciences, IT and advanced manufacturing. Missouri's emphasis on the life sciences has given the Interstate 70 corridor the nickname Biotech Corridor with such centers as the Donald Danforth Plant Science Center in St. Louis, University of Missouri Life Sciences Center in Columbia, and the Stowers Institute for Medical Research in Kansas City. Leading incubators include the Center for Emerging Technologies and Nidus Center for Scientific Enterprise, St. Louis, and the Innovation Center in Cape Girardeau. Life science firms in Missouri include Bayer Animal Health in Kansas City, Boehringer Ingelheim Vetmedica in St. Joseph, and Monsanto Company in St. Louis. Other leading companies include Cerner Corporation, Emerson Electric, and Anheuser-Busch.

Missouri is home to outstanding educational institutions such as Washington University, and the University of Missouri (*four campuses*). Much of the state's success can be attributed to the unparalleled collaboration among the state's companies and universities.

Missouri is home to many Fortune 500 companies and the corporate headquarters for several others, including industry giants such as:

- Anheuser-Busch
- Charter Communications
- Peabody Energy Corp.
- H&R Block
- Leggett & Platt
- Emerson Electric
- Monsanto
- Ameren Corporation
- Graybar Electric
- Express Scripts

Missouri is also a strategic production, service and distribution location for other large companies like:

- Unilever
- General Motors
- The Boeing Company
- Tyson Foods
- Wal-Mart
- Kohl's
- Procter & Gamble
- Ford Motor Company
- Daimler-Chrysler
- Allied Signal
- 3M
- Dollar General
- Jack Henry & Associates

Missouri Quick Facts

People	Missouri	US Avg.
Population, 2005 estimate	5,800,310	296,410,404
Population, percent change 1 Apr 2000 to 1 July 2005	3.7%	5.0%
Population, 2000	5,595,211	281,421,906
Population, percent change, 1990 to 2000	9.3%	13.1%
Persons under 20 years old, percent, 2004 estimate	27%	27.8%
Persons 20-64 years old, percent, 2004 estimate	59.7%	59.9%
Persons 65 years old and over, percent, 2004 estimate	13.3%	12.4%
Female persons, percent, 2004 estimate	51.2%	50.8%
White persons, percent, 2004 estimate	85.4%	80.4%
Black or African-American persons, 2004 estimate	11.5%	12.7%
Persons of Hispanic or Latino origin,2004 estimate	2.6%	14.1%
Living in same house in 1995 and 2000, age 5+, 2000	53.6%	54.1%
Language other than English spoken at home, age 5+, 2000	5.1%	17.9%
High school graduates, persons age 25+, 2004	87.9%	85.2%
Bachelor's degree or higher, persons age 25+, 2004	28.1%	27.7%
Mean travel time to work (min.), workers age 16+, 2000	23.8	25.5
Households, 2000	2,194,594	105,480,101
Persons per household, 2000	2.48	2.59
Median household income, 2004	$41,473	$44,684
Per capita personal income, 2004	$30,516	$33,041
Persons below poverty, percent, 2004	11.8%	13.1%

Business Climate		
General Obligation Bond Rating -Standard Poor's, 2002	AAA	--
Cost of Living, 2005 (ACCRA)*	90.2	100.0
Gross State Product, 2004	$203.2 billion	--
Private nonfarm establishments with employees, 2004	156,388	--
Private nonfarm employment, 2004	2,209,060	--
Foreign Direct Investment, 2001	$15.1 billion	--
Federal R&D Funding, 2002	$1.203 billion	--
Venture Capital Investments, 2003	$122.2 million	--
Avg. Industrial Electric Cost/KiloWatt Hour, 2003	$.039	--
Avg. Industrial Natural Gas Cost/1000cft, 2003	$8.81	--

Geography		
Land area (square miles)	69,674	3,718,771
Persons per square mile, 2005	83.2	79.7

Source: US Census

** The ACCRA Cost of Living Index measures the cost of grocery items, housing, utilities, transportation, health care, and other goods and services in participating areas. The average for all participating places (metropolitan and nonmetropolitan), equals 100; a score above 100 means a higher than average cost of living, below means below average. Each participating entity's index is a percentage of the average for all places.*

Benchmark Data

We monitor key measures to keep a focus on developing and expanding innovation and entrepreneurship.

Benchmark	Missouri	U.S. Avg.
Percent of math teachers with major/minor in assigned field, grade 9-12	67.2%	69.5%
Average SAT scores - verbal	574	504
Average SAT scores - math	580	516
Average composite scores on ACT	21.5	20.8
Bachelor's degrees granted as percent of 18-24 population	5.6	4.55
Percentage of population 25+ with high-school diploma or higher	88.3%	84.6%
Average weighted scores for 11th graders on Advanced Placement exams in math and science	3.42	3.16
Percentage of ZIP codes with broadband providers	81%	88%
Technology-intensive employment as a percentage of total employment	8.3%	8.9%
Technology-intensive establishments as a percentage of total establishments	4.5%	5.9%
Firms that export per 1,000 firms	18.20	20.85
Foreign direct investment per capita	$2,702	$3,866
Number of Inc. Magazine's best 500 companies per 10,000 business establishments	0.69	0.71
Number of Small Business Innovation Research (SBIR) awards per 10,000 business establishments	1.4	8.1
Percentage of recent science and engineering Ph.D.s in the workforce	0.11%	0.14%
Small Business Investment Companies (SBIC) awards	272	

Source: Not Invested Here: The 2004 Southern Innovation Index

Business Costs

When you're considering a new site for your business, location can mean everything. Affordable, efficient access to necessary resource materials, points of distribution and other key market areas is essential to your success. That is why, with its central location, Missouri should be at the top of your list.

Missouri is within 500 miles of 43% of the U.S. population, 49% of all U.S. manufacturing plants and much more. Our proximity also allows for efficient "quick shipping" to every market in the U.S., as well as major markets in Canada, Mexico, Central and South America, and the Far East.

Missouri's central location gives you that extra edge when you are considering a new site for your business.

For information about tax incentives, public infrastructure financing, venture capital, workforce incentives and other financial programs available to new businesses in Missouri, go to www.missouridevelopment.org

Missouri offers an attractive, highly accessible location that is the perfect setting for companies that mean business.

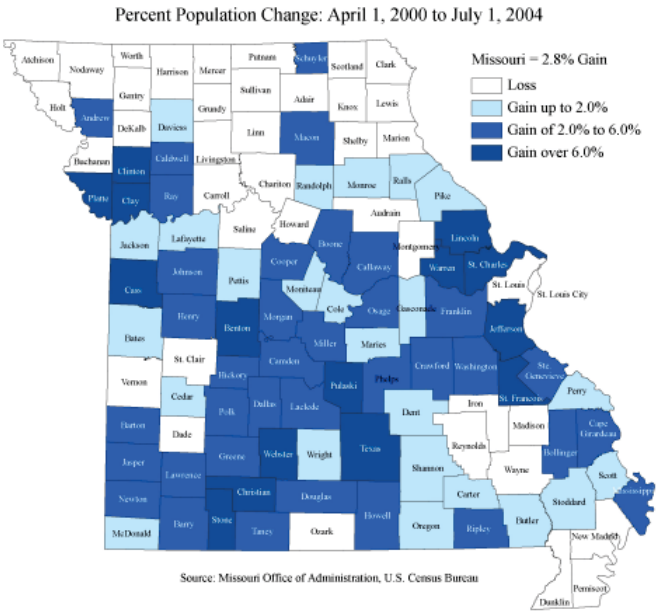
Top 5 Fortune 500 Companies with Headquarters in Missouri:

- Anheuser-Busch
- Emerson Electric
- Ameren Corporation
- Express Scripts
- Monsanto

Top 5 private industry employers in Missouri:

- Wal-Mart Inc.
- Boeing Corp.
- Washington University
- Schnuck Markets, Inc.
- Barnes-Jewish Hospitals

Population



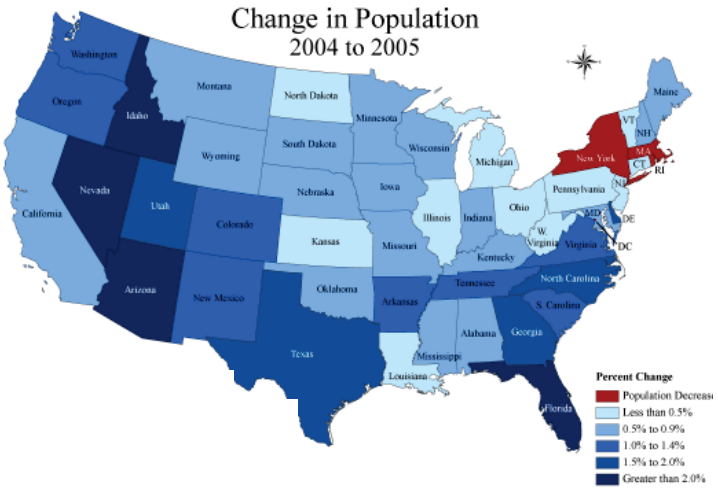
Population Increase:

- Increase since 1990: 9.3%
- Increase since 1993: 0.6%
- Increase 2000-2005: 3.7%

Top 5 Counties in Population (2004):

- St. Louis County – 1.01 million
- Jackson County – 660,095
- St. Louis City – 343,279
- St. Charles County – 320,734
- Greene County – 247,932

Of the surrounding states, Missouri has the third largest population, following Illinois (12.8 million) and Tennessee (6.0 million). Tennessee had the fastest rate of growth among these states from 2004 to 2005 at 1.2 percent.

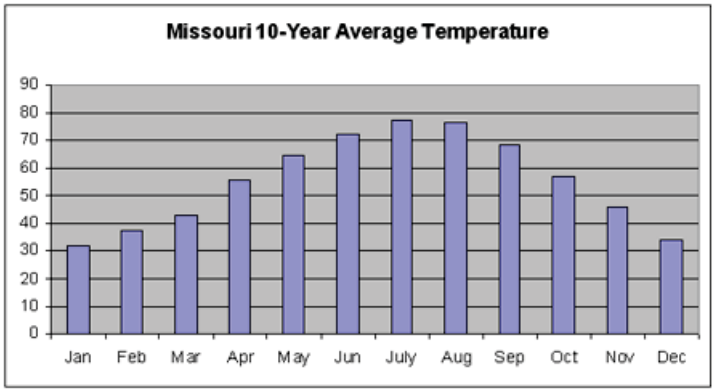


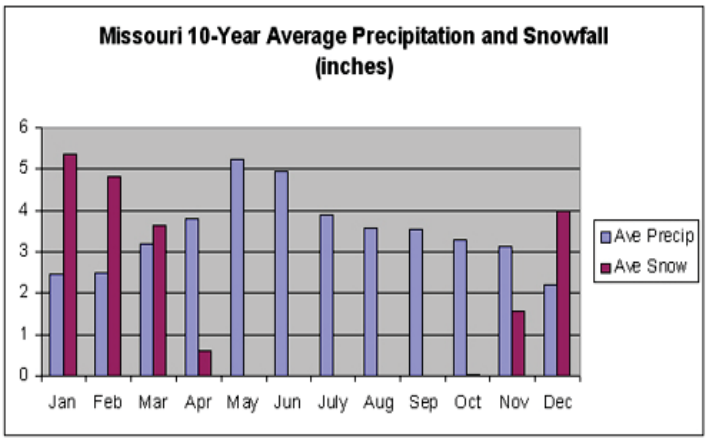
Missouri Population by Age Group			
Age	1990	2000	2004 est.
0-14	1,108,011	1,164,233	1,139,446
15-24	717,483	787,720	834,405
25-34	856,202	741,232	751,073
35-44	734,825	890,477	845,242
45-54	525,212	753,433	826,384
55-64	457,489	512,047	592,376
65+	717,851	755,925	765,692
Total	5,117,073	5,605,067	5,754,618
Total Ages 25-44	1,591,027	1,631,709	1,596,315
Median Age	33.5 years	36.1 years	37.0 years

Source: Missouri Census Data Center and U.S. Census Bureau

Climate and Terrain

Missouri is often referred to as a Great Plains state. Glaciers once covered the north to roughly the Missouri River, leaving rich soil particularly good for growing corn. This is true prairie, crisscrossed by slow-moving rivers and streams, and defined by dramatically rolling, sparsely forested hills in the north that taper to more gentle hills in the center. Missouri is bisected by the Missouri River, which joins the vast Mississippi just above St. Louis. Both the St. Louis and Kansas City metro areas are defined by these rivers' hills, sometimes steep bluffs, and vast floodplains. The flat Osage Plains cover western Missouri. The heavily forested Ozark Plateau – the Ozarks aren't mountains -- is the state's largest land area, beginning just below the Missouri River and reaching 1,772 feet in Taum Sauk Mountain, the highest point in Missouri. The area is known for the beauty of its hills, large springs, lakes, and clear rivers. The southern part of Missouri is covered by the Mississippi Alluvial Plain.





This land, once swampy, has been drained for rich farmland. The extreme southern portion of Missouri that juts into Arkansas is called the Boot Heel because of its shape.

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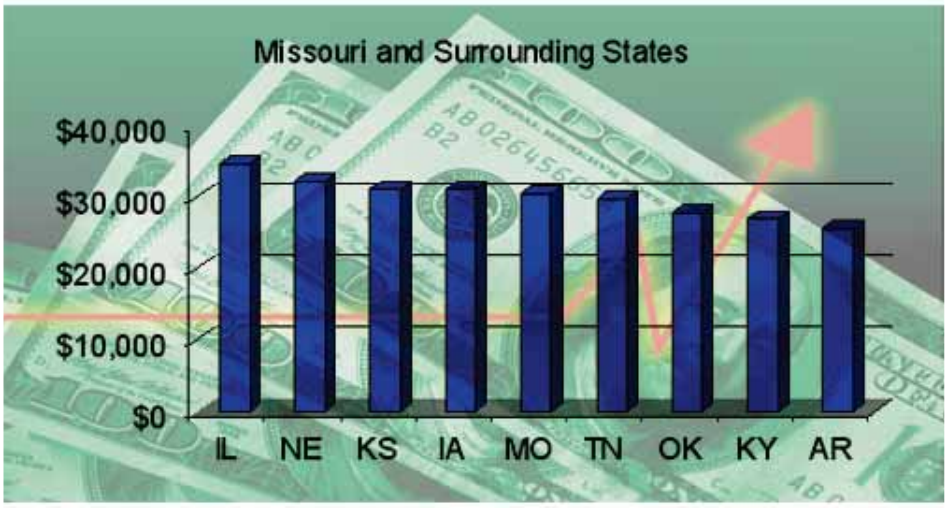
BUSINESS CLIMATE

Growth in Missouri's economic activity closely follows that of the nation, and is also based on the total amount of personal income available in the state.

Missouri has one of most diversified economies in the nation.

Gross State Product ('04):	$203.2 Billion
Cost of Living (3rdQtr05):	6th Lowest in Nation
Per Capita Personal Income ('04):	$29,094
Median Family Income ('04):	$50,819

Per Capita Personal Income 2004



Missouri Gross State Product

	GSP (Current $M)	GSP (Real 00$M)	GSP Current-$ (% Change)	GSP Real-$ (% Change)
1997	158,203	168,205	--	--
1998	163,110	170,468	3.1	1.3
1999	168,999	172,973	3.6	1.5
2000	176,443	176,443	4.4	2.0
2001	182,048	177,460	3.2	0.6
2002	187,090	178,589	2.8	0.6
2003	193,828	181,638	3.6	1.7
2004	203,294	186,018	4.9	2.4

Source: US Bureau of Economic Analysis

Missouri's Gross State Product (GSP) totaled $203.3 billion in 2004, according to the U.S. Bureau of Economic Analysis. Real Missouri GSP growth from 2003 to 2004 was 2.4%, less than the U.S. average of 4.3% for the period.

Missouri had the 20th largest Gross State Product among the states in 2004.
Of the surrounding states, only Illinois (5th) and Tennessee (18th) have larger economies.

Gross State Product 2004 (millions of current dollars)		
State	GSP	Rank
California	$1,550,753	1
New York	$896,739	2
Texas	$884,136	3
Florida	$599,068	4
Illinois	$521,900	5
Pennsylvania	$468,089	6
Ohio	$419,866	7
New Jersey	$416,053	8
Michigan	$372,169	9
Georgia	$343,125	10
Missouri	$203,294	20

Manufacturing made up the largest portion of Missouri's GSP in 2004 at 15.5%.
This is followed by Government (11.7%) and Real Estate (9.6%).

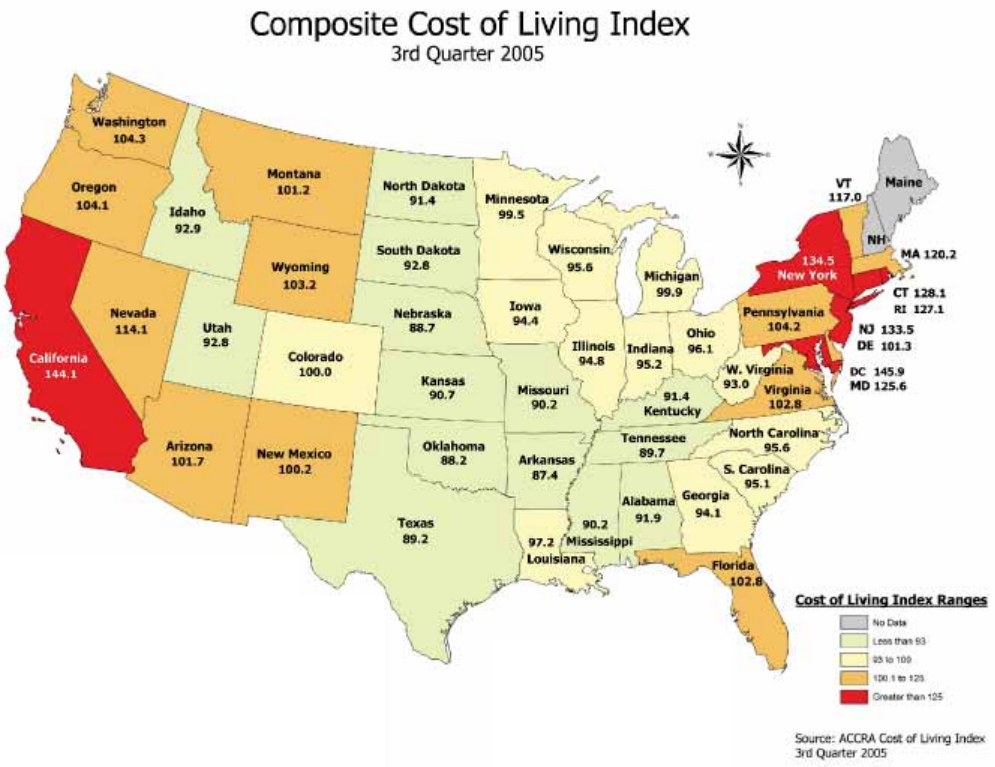
Missouri Gross State Product 2004 (millions of current dollars)		
Industry	**GSP (Current $M)**	**% of Total GSP**
Private industry, total	**179,608**	**88.3**
Agriculture, forestry, fishing and hunting	2,658	1.3
Mining	447	0.2
Utilities	3,885	1.9
Construction	9,867	4.9
Manufacturing	31,481	15.5
Durable goods	17,445	8.6
Nondurable goods	14,036	6.9
Wholesale trade	12,759	6.3
Retail trade	14,611	7.2
Transp. and warehousing (excluding Postal Service)	7,538	3.7
Information	9,963	4.9
Finance and insurance	12,878	6.3
Real estate, rental and leasing	19,529	9.6
Professional and technical services	11,586	5.7
Management of companies and enterprises	6,748	3.3
Administrative and waste services	5,011	2.5
Educational services	2,269	1.1
Health care and social assistance	15,149	7.5
Arts, entertainment and recreation	2,676	1.3
Accomodation and food services	5,216	2.6
Other services, except government	5,335	2.6
Government	23,686	11.7

Cost of Living

In the 3rd quarter of 2005, Missouri had the 6th lowest cost of living in the United States (of the 48 states and the District of Columbia surveyed by ACCRA). In general, the most expensive areas to live are New England, Alaska, Hawaii and the West Coast. The least expensive areas continue to be the Midwest and Southern states.

We derive the cost of living index for each state by averaging the indices of participating cities and metropolitan areas in that state. Missouri's cost of living for the 3rd Quarter 2005 was 90.2. Cities across the nation participate in ACCRA's survey on a voluntary basis. Price information in the survey is governed by ACCRA collection guidelines that strive for uniformity. No cities in Maine or New Hampshire participated last quarter.

Missouri's cost of living for the 3rd Quarter 2005 was 90.2% -- down from the 3rd Quarter 2004's 91.4% , and the 6th lowest in the nation.



Exports

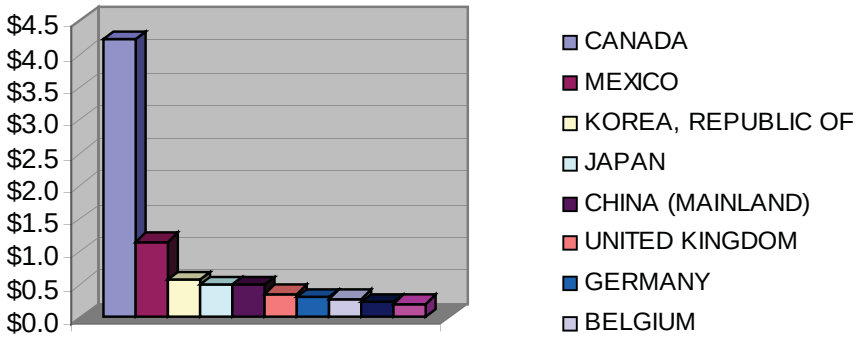
Missouri exports increased by 16.28 percent from 2004 to 2005, led by transportation equipment and chemicals. This rise was characterized by aggressive increases in exports to Asia and a 309 percent increase in mineral and ore exports.

Through year-end, Missouri exported just under $10.5 billion in total products, compared to under $9 billion in 2004, $7.23 billion in 2003 and $6.79 billion in 2002.

Eight of Missouri's top ten export categories experienced double-digit gains in 2005. Showing substantial gains were transportation equipment, machinery (except electrical), food and kindred products (almost 40 percent), electrical equipment and appliances and components, fabricated metal products and agricultural products (almost fifty percent). Foreign sales also showed healthy increases from 2004 to 2005. Imports to Korea increased over 400 percent from $113.4 million to $571.7 million, and to China, 36.5 percent from almost $366 million to almost half a billion.

Canada and Mexico were Missouri's top export recipients in 2005. Canada imported $4.2 billion worth of goods in 2005, an increase of 6.95 percent. Mexico's $1.15 billion is a 22.08 percent gain. The Republic of Korea, third on the list, increased its imports 403.99 percent.

MISSOURI TOP TEN EXPORT INDUSTRIES 2005		
INDUSTRY	ANNUAL 2005	% CHANGE '04-'05
Transportation Equipment	$3,548,511,246	20.6
Chemicals	$1,969,157,108	0.82
Machinery, except Electrical	$1,004,196,962	20.56
Food and Kindred Products	$560,279,864	37.21
Computer and Electronic Products	$529,165,525	-4.4
Electrical Equipment and Appliances and Components	$521,031,450	20.45
Fabricated Metal Products	$315,449,550	28.21
Agricultural Products	$297,614,801	48.79
Minerals and Ores	$254,879,196	309.21
Primary Metal Manufacturing	$221,771,161	20.4



Missouri Exports by Nation, 2005, Billion

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Taxes

Missouri has consistently proven to be one of the most tax-friendly states in the U.S. for both individuals and corporations. That is good news for businesses of all types that are considering a move to Missouri or an in-state expansion.

Missouri has one of the lowest tax burdens in the nation, boasting the 48th lowest business tax burden per worker, according to data from the U.S. Census Bureau. In addition, Missouri's state and local taxes, as a percentage of personal income, rank an impressive 38th in the nation. And in Missouri, voters must approve any increase in state and local taxes. In addition, your company may be eligible for one or more of a variety of tax credits and incentive programs offered to corporations in the state.

Missouri's tax structure provides corporations with one of the most favorable situations in the nation. Our tax requirements are responsibly based and competitive. Yet, because Missouri government is efficiently managed (deficit spending is unconstitutional) it can still maintain a high level of services and facilities through its sound fiscal practices.

Corporate Tax Rate = 6.25%

Personal Income Tax Rate = 1.5-5.5% on income $9,000 and below; 6% on income exceeding $9,000.

Corporate Income Tax

In most cases, a company located in Missouri will have a lower corporate tax bill than in other states. State law sets the corporate income tax rate at 6.25 percent of net taxable income earned by a business in Missouri. In addition, Missouri allows 50 percent of federal income tax payments to be deducted before computing taxable income. Using this deduction, a corporation with a taxable income of $1,000,000 would have a Missouri effective tax rate of only 5.2 percent.

http://www.dor.mo.gov/tax/business/corporate

Missouri Taxable Income

An important tax advantage for Missouri businesses is the amount of income considered taxable -- only income earned in Missouri is taxed. Two allocation options are offered for calculating this income: (1) the three-factor formula, based on sales, property and payroll, or (2) the single-factor formula, based only on sales. Missouri is the only state that permits companies to choose the formula that results in the lesser corporate income tax liability. This means that companies are not penalized for locating property and jobs in Missouri as they are in the other states. In addition, it is important to note that Missouri has not adopted worldwide or nationwide unitary tax assessment in computing multinational corporate income tax liability.

Three-Factor Formula

A single state operation determines its intrastate sales and sales to non-nexus states to find the proportion of total or gross sales. A multi-state company computes these same two types of sales, and in addition, sales originating in another state and terminating in Missouri, to determine Missouri's proportion of gross sales. Using this percentage of sales and percentages of property and payroll in Missouri, an average results in a ratio that is applied to taxable income.

Single-Factor Formula

The single-factor formula is based only on sales. Fifty percent of interstate sales and 100 percent of Missouri intrastate sales are combined. This total is then divided by gross sales to determine the apportionment percentage.

Missouri has consistently proven to be one of the most tax-friendly states in the U.S. for both individuals and corporations.

Sales/Use Tax

The 4.225% state sales/use tax rate in Missouri is lower than the rates in 35 other states. Missouri communities have the option of adopting a local sales/use tax, generally ranging from 1/2 to 1%. Counties may also adopt a sales/use tax generally ranging from 1/4 to 1%. Use tax is similar to sales tax, but is imposed when tangible personal property comes into the state and is stored, used or consumed in Missouri. Missouri has responded to the needs of business and industry by providing eleven major exemptions from sales/use taxes:

1. Machinery and equipment used to establish a new, or expand an existing manufacturing facility, provided such machinery/equipment is used directly to manufacture a product ultimately intended for sale.
2. Replacement machinery and equipment used directly in manufacturing a product ultimately intended for sale, provided their acquisition has been necessitated by reason of change in design or product, as opposed to obsolescence.
3. Machinery, equipment and devices which abate air pollution. To qualify for this exemption, a company need only have the appropriate state governmental agency certify that the equipment is pollution control equipment.
4. Machinery, equipment and devices which abate water pollution. To qualify for this exemption, a company need only have the appropriate state governmental agency certify that the equipment is pollution control equipment.
5. Machinery and equipment used to establish a new, or replace or expand an existing material recovery processing plant. The plant must convert recovered materials into a new product or different form.
6. All materials and supplies used to install tax-exempt machinery and equipment.
7. Electricity consumed in the manufacturing process provided the cost of the electricity exceeds 10% of total production costs. The cost of electrical energy consumed in the manufacturing process cannot be included in total production costs to qualify for the exemption. Electricity used for non-manufacturing purposes, such as lighting and heating, is taxable.
8. Electricity or gas, whether natural, artificial or propane when used in connection with basic steelmaking.
9. Electricity that is converted to stored chemical energy for providing an initial charge in lead-acid storage batteries during the manufacturing process, if this electricity is separately metered. This exemption does NOT apply to any local sales taxes.
10. Anodes used in manufacturing or other types of production, with a useful life of less than one year.
11. Computers, computer software, and computer security systems purchased for use by architectural, engineering, or accounting firms headquartered in Missouri.

NOTE: Building materials used to construct a new or expand an existing facility are normally taxable. However if a Missouri city or county retains title to financed properties, the building materials can be acquired by the local government tax-exempt.

http://www.dor.mo.gov/tax/business/sales

Property Tax

Property tax is often a major tax expense for a company. Yet because it is set and administered locally, property tax is seldom comparable from state to state. Not only do tax levies vary widely from one city to another, but the assessment ratio for determining property value differs significantly among the 50 states. Even within one state, assuring a uniform assessment practice is very difficult.

Missouri law sets the assessment ratio for personal property at one-third of true value throughout the state. Real properties (land and buildings) classified as commercial and industrial, are assessed at 32%; residential, 19%; and agricultural, 12% of true or fair market value. The local property tax rate is an aggregate of school, city, county, and state levies expressed in tax per $100 assessed valuation. Commercial and industrial real property is assessed an additional county surcharge designed to replace revenues lost by the tax exemption of business inventories. The average county surcharge is about $1.02 per $100 assessed valuation, for a total commercial/industrial real property average tax rate of about $6.89 per $100. The average total personal property tax rate is about $5.87 per $100 valuation.

For example, at a particular Missouri site the commercial and industrial property tax rates might be as follows:

State.....$ .03
County.....$1.92
City.....$ .77
School.....$3.15
Surtax (real property).....$1.02

Total rates per $100:
Personal Property.....$5.87
Real Property.....$6.89

Thus a company would pay $5.87 per $100 on 1/3 of its total personal property, and $6.89 per $100 on 32% of its total real property value.

Franchise Tax

Missouri's franchise tax is based on capital employed in a company. The rate is 1/30 of 1%, or $0.33 per $1,000 of par value of outstanding shares and surplus or total assets. Corporations with less than $1,000,000 outstanding shares and surplus are not taxed. However, the corporation must still file and state that their assets do not exceed $1,000,000.

A corporation having assets both within and without Missouri apportions its total assets based on the amount of accounts receivable, inventory, land and fixed assets allocated to Missouri.

http://www.dor.mo.gov/tax/business/franchise

Initial Fees and Taxes

A new corporation must pay an incorporation fee of $50 for the first $30,000 or less of shares and $5 for each additional $10,000 or portion thereof. A foreign corporation pays $150 for certification. Annual corporate registration fees must also be paid by domestic and foreign corporations doing business in Missouri. The rate is $40 annually for registration with the Secretary of State's Office.

http://www.sos.mo.gov/business/corporations

Inventories Exempt

Manufacturers' inventories (raw materials, goods in process and finished goods), as well as goods and wares of retailers, distributors and wholesalers are exempt from property taxes in Missouri.

Unemployment Insurance

Most companies doing business in Missouri are required to pay unemployment insurance to protect their workers during unemployment. This applies to most businesses having one or more workers on the payroll for 20 weeks during the calendar year, and to businesses paying $1,500 in total wages in a given quarter.

Rates for 2005, 2006 and 2007 are based on the first $11,000 of each employee's annual salary. In 2008 the taxable wage limitation rises to $12,000 and to $12,500 in 2009. After 2009, the taxable wage base could be increased by $1,000 or decreased by $500 for any year depending on the balance in the Unemployment Compensation Fund. In no event shall the taxable wage base increase beyond $13,000 or decrease to less than $7,000. For more information, contact the Missouri Division of Employment Security at (573) 751-3215.

If the unemployment fund balance is less than $400 million, employers must pay a surcharge of 10 percent when the balance is $350-$400 million; 20 percent when the balance is $300-$350 million; and 30 percent when the balance is below $300 million. If the balance is over $400 million, however, there will be no surcharge, and if the balance is over $500 million, the employer will receive a 7 percent credit, which will increase to 12 percent if the fund is over $600 million.

With the 30 percent surcharge currently in effect, the employer with a credit balance will contribute at a rate of 0.0 percent to 3.510 percent. The employer with a deficit account will pay up to a maximum of 7.80 percent; and a new Missouri company with no experience rating, will pay the current entry rate of 3.510 percent for two years. Thus, a new company's cost per employee would be 3.510 percent times $8,000, or $280.80.

www.dolir.missouri.gov/es/index.asp

Shared Work Program

The Shared Work Program is designed as an alternative for employers faced with a reduction in force to retain their trained workers. To participate, an employer must reduce the normal weekly hours of work for an employee by at least 20 percent (but not more that 40 percent), and the plan must apply to at least 10 percent of the employees in the affected unit who meet the monetary requirements for regular unemployment compensation. In return, the employee would receive up to 40 percent of their weekly UI benefits. The benefits are not reduced by their earnings. All benefits paid under Shared Work are charged to the participating employer and in some cases may raise the employer's contribution rate.

For more information on the Shared Work Program contact (573) 751-4018 or web site:

http://www.dolir.missouri.gov/es/ui%2Dbenefits/shared.htm

Manufacturers' inventories as well as goods and wares of retailers, distributors and wholesalers are exempt from property taxes in Missouri.

Workers' Compensation

In every state, business and industry incur some expense to provide their employees with workers' compensation coverage. Missouri enacted tough new laws curbing abuse, increasing employee responsibility for injury, and limiting employer liability and payment in August 2005.

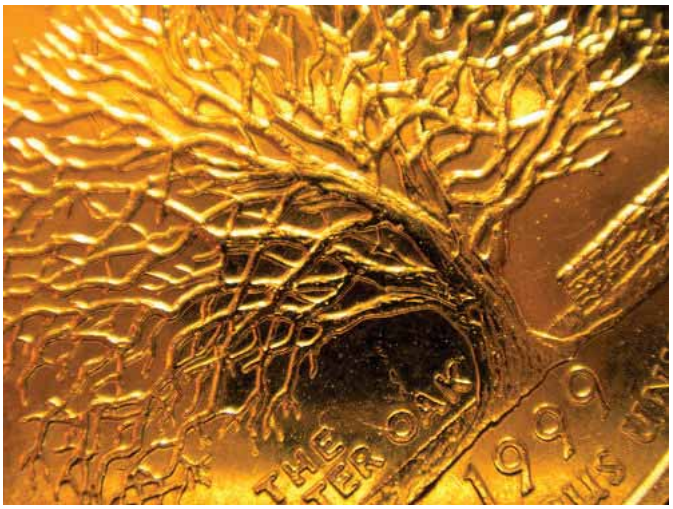
All businesses with five or more employees in Missouri (except agricultural or domestic labor) must provide workers' compensation insurance to protect their workers in case of job-related injury, illness, or death. Companies can offer this protection through a private insurance carrier or they can become self-insurers. Premium rates vary, depending on the risks associated with special occupations. As in most states, the premium rates apply to an employee's total annual salary. The maximum weekly benefit for temporary total disability, temporary partial disability, permanent total disability and death is currently computed as 105 percent of the average weekly wage, determined annually on July 1. Missouri's workers' compensation rates compare very favorably with those in other states. Though benefits for claimants in other states usually increase automatically from year to year, in Missouri benefits cannot be increased without the review and approval of the state legislature.

http://www.dolir.missouri.gov/wc/employers

Source: Missouri Department of Revenue

State Tax Collection by source, 2004

Individual Income Tax	40.8%
General Sales	32.3%
Selective Sales Tax	16.7%
Other	7.5%
Corporate Income Tax	2.5%
Property	0.2%



Total Per Capita State Taxes 2004

Hawaii	$3,050.03	Ohio	$1,962.93
Wyoming	$2,973.87	Kansas	$1,932.58
Connecticut	$2,941.21	North Dakota	$1,932.22
Minnesota	$2,890.90	Indiana	$1,920.26
Delaware	$2,862.03	Virginia	$1,902.56
Vermont	$2,844.96	Idaho	$1,898.06
Massachusetts	$2,628.26	Oklahoma	$1,823.70
New Jersey	$2,415.82	Louisiana	$1,781.78
California	$2,391.65	Mississippi	$1,766.54
Michigan	$2,381.34	Florida	$1,756.36
New York	$2,376.77	Montana	$1,753.71
Wisconsin	$2,296.20	Iowa	$1,741.66
Washington	$2,238.66	Utah	$1,733.15
Rhode Island	$2,230.43	Oregon	$1,699.55
Maryland	$2,214.49	Arizona	$1,673.57
Maine	$2,202.86	Georgia	$1,633.84
New Mexico	$2,102.88	South Carolina	$1,620.67
Nebraska	$2,082.27	Tennessee	$1,617.03
West Virginia	$2,067.85	Missouri	$1,583.28
Pennsylvania	$2,045.09	Alabama	$1,550.99
Kentucky	$2,043.31	New Hampshire	$1,543.79
Alaska	$2,034.51	Colorado	$1,532.26
Nevada	$2,031.24	South Dakota	$1,378.37
Arkansas	$2,029.34	Texas	$1,368.45
Illinois	$2,005.24		
North Carolina	$1,971.48	**United States Avg**	**$2,025.98**

Source: US Census Bureau, 2004

MISSOURI
DEPARTMENT OF ECONOMIC DEVELOPMENT

INFRASTRUCTURE

Air Transportation

Missouri's central location also allows for fast, efficient access to international markets. The Kansas City International Airport, Lambert International Airport in St. Louis and Springfield/ Branson National Airport provide convenient air travel. Success in the global market requires the ability to transport passengers and products to anywhere in the world. You can do this quickly and at minimal cost from Missouri's numerous aviation facilities. In fact, Missouri business travelers can reach most cities in the U.S. and Canada in less than three hours.

Each year over 160,000 tons of cargo and 20 million airline passengers are transported in Missouri by air. The airport system of Missouri consists of approximately 130 public-use airports. Two airports, Lambert International in St. Louis and Kansas City International, support major commercial passenger traffic. Six other airports in Cape Girardeau, Columbia, Joplin, Ft. Leonard Wood, Kirksville, and Springfield provide regional commercial passenger services. The remaining airports support a variety of needs from large business to general business to basic aviation facilities. Commercial passenger airports have scheduled commercial aircraft traffic and generally have runway lengths greater than 7,000 ft. Large business airports have runway lengths normally ranging from 4,500 to 7,000 ft. and also provide jet fuel. General business airports typically have runway lengths between 3,500 and 4,500 ft. and usually serve smaller jet or turboprop aircraft. All other airports are categorized as basic aviation.

Interstate and Highways

With 10 major interstates, we have the sixth largest highway system in the nation. And more than 83,000 commercial trailers are registered in our state. So your business can keep its merchandise and materials moving year-round. For further transport access, Kansas City and St. Louis are the second and third largest truck terminals in the United States.

Rail

In Missouri, four class-one railroads deliver efficient, inexpensive shipping to most U.S. cities. Kansas City and St. Louis, in fact, are two of the largest rail terminals in the U.S. linking over 4,000 miles of tracks throughout the state.

Major rail carriers in the state include: BNSF Railway Company, Kanas City-Southern, Union Pacific, Norfolk Southern and Amtrak.

River and Barge

For cost-effective shipping to key U.S. cities and worldwide ports, Missouri offers more than 1,000 miles of water transport via the Mississippi and Missouri Rivers and 15 ports.

Missouri Port Authorities:

- Lewis County-Canton
- Mid-America
- Marion County
- St. Joseph Regional
- Kansas City
- Jackson County
- Howard/Cooper County Reg
- City of St. Louis
- St. Louis County
- Jefferson County
- Southeast Missouri Regiona
- Mississippi County
- New Madrid County
- Pemiscot County
- New Bourbon Regional

Missouri has three Federal Enterprise and Empowerment Zones in:

- *St. Louis*
- *Kansas City*
- *East Prairie*

Foreign Trade Zones

Greater Kansas City Foreign Trade Zone, Inc.–FTZ #15
Fifth Street, Suite 200,
Kansas City, Missouri 64106
Phone: 816-474-2227

St. Louis County Port Authority, FTZ #102
121 South Meramec, Suite 900,
St. Louis, Missouri 63105
Phone: 314-889-7663

City of Springfield, FTZ #225
202 S. John Q. Hammons Pkwy,
Springfield, MO 65801
Phone: 417-862-5567

MISSOURI
DEPARTMENT OF ECONOMIC DEVELOPMENT

WORKFORCE

Missouri's exceptional labor force is the "force" behind the state's robust economy.

A quality employee base is one of the most important factors in successful business. Missouri's skilled and abundant work force allows companies to hire from a pool of highly qualified individuals.

Total employment in Missouri grew by 6.3 percent between 1995 and 2004, from 2,690,210 to 2,858,897. Services dominate employment in the state with business, personal services, health care and trade at the top of the list. These industries serve a broad geographic base of over 5 million people and employ over 84.7 percent of the total work base in the state.

- Average Cost of Hourly Labor:
  - Overall Average Wage: $15.85
  - Goods Producing: $16.70
  - Private Service Product: $12.03
- 2004 Unemployment Rate: 5.7%
- 2003 Unemployment Rate: 5.6%
- 2004 Labor Force: 3,031,105

Occupations and Type of Employer

Among the most common occupations are management, professional and related occupations, 33 percent; sales and office occupations, 27 percent; service occupations, 16 percent; production, transportation and material moving occupations, 14 percent; and construction, extraction, and maintenance occupations, 10 percent. Seventy-five percent are private wage and salary workers; 14 percent are federal, state, or local government workers; and 11 percent are self-employed.

Geographic Mobility

In 2004, 83 percent of the people at least one year old living in Missouri were living in the same residence one year earlier; 10 percent had moved during the past year from another residence in the same county, 4 percent from another county in Missouri, 2 percent from another state, and less than 0.4 percent from abroad.

Travel to Work

Eighty-two percent of Missouri workers drove to work solo in 2004, 9 percent carpooled, 1 percent took public transportation, and 3.5 percent used other means. The remaining 4.5 percent worked at home. Among those who commuted to work, it took them an average 23 minutes to get to work.

Cost of Hourly Labor:

- *Overall Average Wage: $15.85*
- *Goods Producing: $16.70*
- *Private Service Product: $12.03*

Unemployment 2005 Rate:
- *January: 6.0%*
- *February: 5.7%*

2004 Rate: 5.7%

2004 Labor Force: 3,031,105

Employment and Wages by Firm Size, 4th Quarter 2004

Firm Size # Employees	# Firms	% Firms	# Employees	% Employment	Total Wages	% Wages	Avg. Annual Wage
< 20	126,073	83.6%	630,796	23.6%	$5,140,160,687	20.9%	$32,595
20-49	15,102	10.0%	457,420	17.1%	$3,902,882,980	15.9%	$34,130
50-99	5,623	3.7%	385,290	14.4%	$3,267,467,725	13.3%	$33,922
100+	4,.085	2.7%	1,197,844	44.8%	$12,239,964,261	49.9%	$40,873

Labor Force Participation

Missouri's 2000 Census reported a high civilian labor force participation rate in the male and female population age 16 and over. In 2004, 66.9 percent of the civilian population participated in the labor force.

Annual Employment Growth Rate Estimates Through 2003				
SECTOR	Percent Change		Change	
	Avg Estimate	Low Estimate	Avg Estimate	Low Estimate
Construction	4.15	2.27	5,868	3,210
Finance, Insurance & Real Estate	2.35	1.17	3,944	1,963
Government	1.88	2.38	8,090	10,242
Manufacturing	-0.48	-2.21	-1,929	-8,883
Mining	1.92	0.97	100	51
Services	2.89	2.51	22,826	19,825
Transportation, Comm. & Public Utilities	1.57	-0.34	2,687	-582
Trade	1.68	1.16	10,915	7,536
MISSOURI	1.85	1.18	51,011	32,537

Notes: Average Estimate based on average from 1995 to 2000. Low Estimate based on 2000 year only.

Missouri Annual Average Employment Statistics				
	Labor Force	Employment	Unemployment	Rate
2004	3,031,105	2,858,897	172,208	5.7%
2003	3,013,856	2,845,802	168,054	5.6%
2002	2,994,522	2,837,544	156,978	5.2%
2001	2,990,992	2,856,402	134,590	4.5%
2000	2,950,404	2,854,164	96,240	3.3%
1999	2,911,190	2,819,853	91,337	3.1%
1998	2,910,871	2,794,869	116,002	4.0%

Wages

The 30 largest occupations in Missouri account for about 41 percent of total employment in the state. Almost two-thirds of the studied occupations pay less than the overall average wage, for all occupations, of $16.61 per hour. The average wage for the 28 occupations that have standard working schedules is $13.13 per hour.

The top 30 occupations in Missouri represent 14 of the 22 major occupational groups in the Standard Occupational Classification (SOC) system and pay wages ranging from $7.11 per hour for food preparation workers to $40.03 per hour for general and operations managers.

There are, however, some occupations in the top 30 that pay higher wages. Registered nurses, the fifth largest occupation, pay an average of $23.18 per hour (about $48,220 per year). General and operations managers, the seventh largest occupation, pay an average wage of $40.03 per hour (about $83,270 per year). Registered nurse positions typically require an Associate's degree and managers generally require a bachelor's degree plus some experience in related occupations.

Only three Missouri jobs had lower wages than the average for Missouri and the eight surounding states combined: nursing aides, orderlies and elementary and secondary school teachers. The differences between the average wage across the states and Missouri's wage for most of these occupations was very small, $0.22 per hour or less.

Overall job growth is expected to be about 11% in Missouri through 2010 with about 101,000 job openings each year. More than half of the top 30 occupations are expected to grow faster than the state average for all occupations.

WAGES AND EMPLOYMENT BY NAICS

MISSOURI, 2004

NAICS	Industry	Average	Total Wages	Average Weekly Wages
	Total All Industries	**2,623,307**	**$91,495,017,581**	**$671**
11	Agriculture, Forestry, Fishing, & Hunting	11,066	$277,736,937	$483
21	Mining	4,675	$269,969,115	$1,111
22	Utilities	11,892	$752,574,283	$1,217
23	Construction	140,179	$5,618,263,845	$771
31	Manufacturing	311,806	$13,306,233,235	$821
42	Wholesale	119,226	$5,738,153,725	$926
44	Retail	312,045	$6,799,424,845	$419
48	Transportation and Warehousing	86,490	$3,079,627,456	$685
51	Information	65,308	$3,233,042,438	$952
52	Finance and Insurance	116,273	$5,690,134,305	$941
53	Real Estate and Rental and Leasing	39,755	$1,178,047,655	$570
54	Professional and Technical Services	114,463	$6,301,896,127	$1,059
55	Management of Companies & Enterprises	64,291	$4,532,245,700	$1,356
56	Administrative and Waste Services	126,540	$3,172,182,362	$482
61	Educational Services	41,157	$1,575,577,287	$736
62	Health Care and Social Services	294,277	$10,047,802,552	$657
71	Art, Entertainment, and Recreation	43,665	$1,226,420,914	$540
72	Accomodation and Food Service	223,702	$2,784,397,686	$239
81	Other Services, Ex. Public Admin	82,450	$1,880,223,935	$439

Source: Missouri QCEW Data

Average Wages and Total Employment for the Top Thirty Employing Occupations

Sample Occupations in Missouri: July, 2005

Occupation	Employment	Average Hourly Wages	Annual Average Wages	Ranking (April 2004)
Retail Salespersons	91,600	$10.94	$22,760	1 (1)
Office Clerks, General	82,360	$10.95	$22,790	2 (2)
Cashiers	74,640	$7.93	$16,490	3 (3)
Combined Food Preparation and Serving Workers, Including Fast Food	56,270	$7.21	$15,010	4 (4)
Registered Nurses	53,630	$23.18	$48,220	5 (5)
Waiters and Waitresses	49,520	$7.11	$14,790	6 (6)
Laborers and Freight, Stock, and Material Movers, Hand	43,170	$10.57	$21,990	7 (9)
Customer Service Representatives	41,760	$13.79	$28,680	8 (8)
Truck Drivers, Heavy and Tractor-Trailer	41,430	$17.66	$36,730	9 (11)
Janitors and Cleaners, Except Maids and Housekeeping Cleaners	41,370	$9.23	$19,200	10 (10)
Nursing Aides, Orderlies, and Attendants	39,420	$9.23	$19,190	11 (12)
Team Assemblers	38,380	$13.91	$28,930	12 (14)
Bookkeeping, Accounting, and Auditing Clerks	34,240	$13.29	$27,650	13 (13)
General and Operations Managers	33,170	$40.03	$83,270	14 (7)
Stock Clerks and Order Fillers	29,540	$10.16	$21,130	15 (19)
Elementary School Teachers, Except Special Education	28,470	--	$36,240	16 (15)
Maintenance and Repair Workers, General	28,050	$15.25	$31,710	17 (20)
Sales Representatives, Wholesale and Manufacturing, Except Technical and Scientific Products	27,370	$25.17	$52,350	18 (21)
Secretaries, Except Legal, Medical, and Executive	25,350	$12.61	$26,230	19 (18)
First-Line Supervisors/Managers of Office and Administrative Support Workers	24,720	$19.53	$40,630	20 (16)
Executive Secretaries and Administrative Assistants	23,660	$16.82	$34,980	21 (23)
Carpenters	23,540	$20.16	$41,930	22 (24)
Receptionists and Information Clerks	21,750	$10.35	$21,520	23 (26)
Accountants and Auditors	21,510	$26.21	$54,530	24 (27)
Secondary School Teachers, Except Special and Vocational Education	21,300	--	$38,310	25 (22)
Maids and Housekeeping Cleaners	20,530	$7.77	$16,160	26 (25)
First-Line Supervisors/Managers of Retail Sales Workers	19,770	$18.24	$37,930	27 (17)
Packers and Packagers, Hand	18,510	$9.04	$18,810	28 (28)
Security Guards	18,410	$11.43	$23,770	29 *
Truck Drivers, Light Or Delivery Services	18,340	$12.55	$26,090	30 (30)

*Occupation not on last report. For more on Missouri's top occupations, see www.missouri economy.org, (Occupation Studies).

The following table samples Missouri occupational projections from 2002 through 2012, with numeric change, percentage change and average annual openings per year. Detailed information and projections on all occupations in Missouri is available at www.missourieconomy.org (Occupation Studies).

Occupation	Employment		Change		Average Openings (Annualized Average)
Management Occupations	Estimated 2002	Projected 2012	Numeric	Percent	
Chief Executives	16,374	18,703	2,329	14.22	542
Financial Managers	12,082	13,939	1,857	15.37	359
Construction Managers	7,354	8,468	1,114	15.15	244
General and Operations Managers	45,632	52,062	6,430	14.09	1,504
Advertising and Promotions Managers	2,176	2,549	373	17.14	76
Public Relations Managers	1,469	1,715	246	16.75	50
Education Administrators, Elementary & Secondary	4,675	5,625	950	20.32	211
Education Administrators, Postsecondary	1,757	2,104	347	19.75	79
Sales Managers	7,910	9,779	1,869	23.63	333
Computer and Information Systems Managers	5,938	7,668	1,730	29.13	281
Medical and Health Services Managers	5,421	6,802	1,381	25.48	244
Business and Financial Operations Occupations					
Loan Officers	6,451	7,760	1,309	20.29	235
Cost Estimators	4,411	5,134	723	16.39	171
Compensation, Benefits, Job Analysis Specialists	2,309	2,881	572	24.77	92
Training and Development Specialists	4,484	5,381	897	20	159
Accountants and Auditors	21,587	24,173	2,586	11.98	667
Financial Analysts	2,751	3,193	442	16.07	85
Personal Financial Advisors	2,918	4,436	1,518	52.02	190
Business Operations Specialists, All Other	14,910	17,564	2,654	17.8	519
Computer and Mathematical Occupations					
Computer Software Engineers, Applications	6,570	8,651	2,081	31.67	273

Work Force Education

Missouri schools are technologically advanced, according to the 2005 Missouri Census of Technology:

- 95 percent of elementary and secondary schools have a T1 or higher Internet connection.
- 92 percent of elementary and secondary classrooms are connected to the Internet.
- Student to computer ratio in classrooms is 5.5 to 1.
- Student to Internet connected computer ratio, including all computers within classrooms and throughout the building, is 3.4 to 1.

Source: MO Dept. Elementary & Secondary Education

- *Public High School Grad-uation Rate (2004): 85.1%*
- *Average Dropout Rate: 3.9%*
- *Public High School Graduates Entering 2-4 Year College: 65.5%*
- *Public High School Graduates Entering Technical College: 4.0%*

Missouri's labor force consistently ranks above the national average on many educational levels. For example, over 88 percent of Missouri's adult population (25 years and older) have completed high school or higher degrees according to the U.S. Census Bureau, well above the national average of 85.2 percent. Overall, Missouri ranks above the national average for educational attainment with 28.1 percent of adults 25 and older having received a bachelor's or higher degree.

Missouri's world-class colleges and universities produce highly qualified graduates prepared to meet the demands of today's employers. In addition, community colleges throughout the state offer many vocational and technical programs that train students to specialize in trades and skills that meet the needs of area employers. There are also a variety of continuous education and training programs available throughout the state.

ACT/SAT Scores

	ACT Scores		SAT Scores	
Year	Missouri	National	Missouri	National
1994-95	21.3	20.8	1,045	910
1995-96	21.4	20.9	1,139	1,013
1996-97	21.5	21.0	1,135	1,016
1997-98	21.5	21.0	1,143	1,017
1998-99	21.6	21.0	1,144	1,016
1999-00	21.6	21.0	1,149	1,019
2000-01	21.4	21.0	1,154	1,020
2001-02	21.5	20.8	1,154	1,020
2002-03	21.4	20.8	1,165	1,026
2003-04	21.5	20.9	1,172	1,026
2004-05	21.6	20.9	1,176	1,028

Educational Institutions

Number of Institutions

2/4 Yr. Public	33
2/4 Yr. Independent	25
Cert. Post-Secondary	140

Public School Teacher Statistics

Average Years Teaching Experience	12.8
Teachers with Master's Degree (or higher)	47.6%
Student-Teacher Ratio	19:1
Student-Admin. Ratio	207:1

Among Missouri's most recognized public and private institutions are:

Public Institutions

Central Missouri State University
Lincoln University
Linn State Technical College
Missouri Southern State University
Missouri State University
Missouri Western State College
Northwest Missouri State University
Southeast Missouri State University
Truman State University
University of Missouri System
- University of Missouri-Columbia
- University of Missouri-Kansas City
- University of Missouri-Rolla
- University of Missouri-St. Louis

Private Institutions

Fontbonne College
Kansas City Art Institute
Rockhurst University
Saint Louis University
Southwest Baptist University
Stephens College
Washington University
Westminster College
William Woods University

Top Midwest States for High School Completion Rates

State	Percentage of Adults 25+ Completing High School or Higher
Missouri	87.9%
Arkansas	79.2%
Iowa	89.8%
Illinois	86.8%
Indiana	87.2%
Kansas	89.6%
Kentucky	81.8%
Michigan	87.9%
Minnesota	92.3%
North Dakota	89.5%
Nebraska	91.3%
Ohio	88.1%
Oklahoma	85.2%
South Dakota	87.5%
Tennessee	82.9%
Texas	78.3%
Wisconsin	88.8%

Top Midwest States With College Degrees

State	Percentage of Adults 25+ with Bachelor's Degrees or Higher
Missouri	28.1%
Arkansas	18.8%
Iowa	24.3%
Illinois	27.4%
Indiana	21.1%
Kansas	30.0%
Kentucky	21.0%
Michigan	24.4%
Minnesota	32.5%
North Dakota	25.2%
Nebraska	24.8%
Ohio	24.6%
Oklahoma	22.9%
South Dakota	25.5%
Tennessee	24.3%
Texas	24.5%
Wisconsin	25.6%

Source: US Census Bureau, 2004

MISSOURI
DEPARTMENT OF ECONOMIC DEVELOPMENT

LICENSING/REGULATION

Legal Formation

Selecting the proper business structure under which you will operate your business is one of the most important decisions that you will make. Many new business ventures develop without a great deal of planning and this lack of planning can result in predictable difficulties for the new business and contribute to its failure.

Missouri law allows individuals to operate under four forms or organization:

- Sole Proprietorship
- Partnership
- Corporation
- Limited Liability Company (LLC)

The advantage of a limited partnership over a general partnership is that most of the partners limit their liability while preserving the right to participate in profits and/or tax advantages.

SOLE PROPRIETORSHIP

The most common form of a new business is sole proprietorship. This is a business owned by a single individual.

The greatest advantage of sole proprietorship is that no planning for structure is required, and the individual owner is free to operate as she or he chooses.

Some disadvantages of sole proprietorship are the limited opportunity for expansion and the owner's personal responsibility for all obligations, debts and other liabilities the business may incur. While insurance is available for protection from these hazards, the cost may be prohibitive. Growth of a sole proprietorship will usually result in a change from this structure.

PARTNERSHIP

An unincorporated organization with two or more members is generally classified as a partnership. The law does not recognize the partnership as a separate distinct entity; rather, it considers the partnership to be all of the partners acting together.

All powers, liabilities and authorities of the partners are controlled and limited by the partnership agreement. However, it is possible for a partner to exceed his or her authority and for the partnership to be bound when the person with whom the partner does business is not aware of the limitations contained in the partnership agreement. Partnership agreements are in writing and, if there are limitations placed upon individual partners, such agreements should be made available to any person or company with whom the partnership does business.

There are three types of partnerships recognized under the law: general partnerships, limited partnerships and limited liability partnerships.

CORPORATION

Before considering the advantages and disadvantages of a corporation as a business structure, it is important to understand the concept. A corporation is a legally created entity with rights, duties, powers and responsibilities in and of itself. Each state has a section of law covering those aspects of corporations. The law is similar in each state, but not identical.

A corporation cannot act except through individuals. When individuals perform on behalf of a corporation, the actions are usually attributable to the corporation and not to the individual. The ownership of property, the incurrence of debt, and the performance of services and sales of goods are the responsibility of the corporation rather than the individuals in the corporation.

Required registration forms are available from the Missouri Secretary of State's office.
Please call (573)751-3827 or download these forms from the web at www.sos.mo.gov/forms.asp.

CORPORATION (continued)

Shareholders contribute capital to the company and are the owners of the corporation. Shareholders are not responsible for the debts or liabilities of the corporation.

One advantage of the corporate structure is that shareholder liability is limited to the loss of the shareholder's investment unless a shareholder accepts additional responsibility such as guaranteeing a loan to the company. Limitation of liability was the original reason for the creation of the corporate entity and it is still a basic consideration in the formation of any new business using the corporate structure.

An additional advantage of corporations is the ability to bring other individuals into ownership of the business to raise additional funds.

There are few disadvantages to using the corporate form in setting up a business. Some minor costs are incurred for incorporating and for annual filing fees within states in which the corporation is doing business.

A general business corporation may engage in most activities except those which are specifically prohibited by law. It may not engage in business for which a license is required, such as the practice of law or medicine. A general business corporation may pursue other businesses such as banking, insurance or financing if state approval is obtained.

The Subchapter S Corporation provides the legal protection of a corporation, but for tax purposes the income or loss is passed on to the shareholders in proportion to their ownership. It is important to note that to be recognized as a Subchapter S Corporation, the corporation must apply to the Internal Revenue Service (IRS) for "S Status" -- request form 2553.

A corporation can elect "S" status if it meets the following requirements:

1. It must be a domestic corporation.
2. It must have only one class of stock.
3. It must not have more than 100 shareholders.
4. It has a calendar tax year or a business purpose for adopting a fiscal year.
5. It must have only individuals and their estates and certain trusts as shareholders.
6. All shareholders must be citizens or residents of the U.S.
7. It must not be a member of an affiliated group of corporations.

Missouri law allows for the creation of close corporations (sometimes referred to as "C corps") and follows the Model Business Corporation Act. Missouri's Close Corporation Law is designed to make it easier for one or a few persons to do business as a corporation. Under this law, a close corporation can choose not to have a board of directors, annual meetings or bylaws if so stated in the article of incorporation. (See Section 351.315 of Missouri Statutes for more information).

A regular business corporation may become a statutory close corporation if it has fifty or fewer shareholders and amends its articles, with a 2/3 vote, to state that it is a statutory close corporation.

LIMITED LIABILITY COMPANIES (LLC)

In 1993, Missouri enacted a statute creating a new form of business entity, the limited liability company. Most other states have also created this type of business entity within the past few years. A limited liability company is a non-corporate business. Members of the company can be actively involved in the management of the business, but they are shielded from liabilities. A limited liability company is not a corporation, partnership or trust; but has corporate-like liability protection for the owners and partnership-like flexibility in capital and management structure.

Limited liability companies are relatively easy to organize and maintain. In Missouri, a limited liability company can conduct any business activity. Business owners use this type of organization because it can combine the liability protection of corporations with the flexibility and tax advantages of partnerships.

Joint Ventures

A joint venture is a partnership of one or more sole proprietors, partnerships or corporations for the purpose of performing specific goals or tasks, such as a large construction project or the development of certain products or services. One such joint venture was the General Motors-Toyota agreement for the joint production of cars to be offered through General Motors dealerships.

The advantage of a joint venture is that existing businesses can join together without forming a new entity and without having any continuing obligations to each other beyond the joint venture agreement.

The disadvantage is that unless a party with whom a joint venture is doing business is made aware of any limitations, all parties to a joint venture are liable to such third parties whether or not the liability is specified in the joint venture agreement.

Employer Identification Number (EIN)

Every employer maintaining an office or transacting any business in Missouri and making payment of wages to a resident or nonresident individual must obtain an Employer Tax Identification Number, which is required by federal law if you are an employer, partnership, limited liability company, or corporation. Some entities, such as financial institutions, also require a business to have an identification number. The application form (SS-4) is available from the Internal Revenue Service (IRS).

Motor Vehicle Licensing, Registration

Missouri law defines a commercial motor vehicle as a motor vehicle designed or regularly used for carrying freight and merchandise, or more than eight passengers. Vanpools (used to transport employees to and from work) and shuttle buses (used to transport customers to and from your place of business) are not included in this definition and may be registered as “regular” motor vehicles.

Under this definition, all trucks are commercial vehicles in Missouri because they are designed to carry freight.

A commercial motor vehicle whose operations are confined solely to a 25-mile area around a single municipality is defined as a “local commercial vehicle.” These definitions are used to determine registration fees for the various types of vehicles.

Unless your commercial vehicle is licensed for less than 12,000 lbs., and is not regularly used for commercial purposes, you must display the following information on your vehicle or vehicles:

1. The name of the owner
2. The address from which you operate the vehicle, or the number issued to the carrier by the Missouri Division of Transportation
3. If it is a local vehicle, the word “LOCAL.”

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You do not need to have your vehicle inspected if:

- Your commercial vehicle is used for interstate commerce and is registered with the Missouri Highway Reciprocity Commission.
- The vehicle was originally issued a registration for less than one year.
- You are registering a vehicle that has not been in Missouri in the past 60 days.
- You have a registration receipt showing that the license plate being renewed was properly transferred within the past six months.

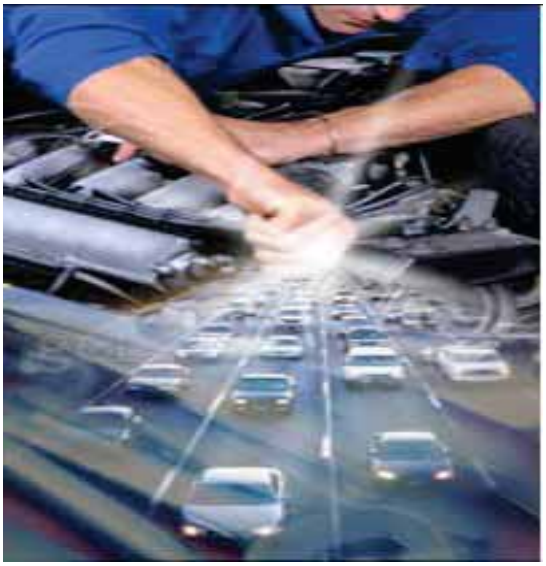
You will need a statement saying that the vehicle has not been in Missouri and that you will have the vehicle inspected within 10 days of bringing it to Missouri. When driving your commercial vehicle, you must abide by Missouri law concerning license plates, license plate lights, load projections from the vehicle, towlines, and slow moving vehicle signs. These laws are found in Chapter 301 of the Revised Statutes of Missouri.

You can find a brief summary of these and other motor vehicle and driving laws in the "Missouri Driver Guide" published by the Missouri Department of Revenue. For a copy, please write to the Drivers License Bureau, P.O. Box 200, Jefferson City, MO 65105.

Commercial Drivers Licensing

Missouri drivers who transport people or property for hire must carry a Class A, B, C or E driver's license. The class you and your drivers require depends on the class of vehicle you intend to use commercially.

If you are hiring drivers who will be driving class A, B or C vehicles, you should obtain a commercial drivers licensing manual from the Missouri State Highway Patrol or the Missouri Drivers License Bureau.



Source: Missouri Department of Revenue

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