



## Potential Incentives

### **JOBS TAX CREDIT**

#### **BENEFIT**

Companies receive a corporate income tax credit for creating jobs. These credits are equal to a percentage of payroll for each newly created job. Credits range from 2.5% to 10% of payroll, depending on the business location, and are available for a five-year period. Credits are taken in years two through six after jobs are created.

#### **ELIGIBILITY** [not comprehensive]

A business must create and maintain between 10 and 20 jobs, depending on the location of the company's operations. Eligible businesses include: manufacturers, processors, wholesalers, distributors, warehouses, research and development facilities and technology intensive industries.

### **RURAL ECONOMIC DEVELOPMENT (RED) TAX CREDIT**

An income tax credit used in conjunction with Mississippi Business Finance Corporation-issued industrial revenue bonds is available. Based on the amount of bond-related debt service, credits can be used to offset up to 80% of a company's state corporate income tax liability each year for the life of the bonds.

Manufacturing, distribution or warehouse facilities and other businesses in Mississippi utilizing industrial revenue bonds issued by the Mississippi Business Finance Corporation may apply.

### **AD VALOREM TAX CREDIT**

An income tax credit equal to the ad valorem (property) taxes a company pays on inventory is available.

Manufacturers, processors, distributors, wholesalers or retailers may apply.

### **SALES AND USE TAX EXEMPTION FOR CONSTRUCTION OR EXPANSION**

A ½ or full sales and use tax exemption, depending on the county in which the facility is located, is available on eligible machinery and equipment purchases related to a new or expanded facility and on building materials used in construction, provided the materials are purchased directly by the eligible business.

Manufacturers, processors, data and information processing businesses and technology-intensive enterprises are eligible to apply.

### **SALES AND USE TAX EXEMPTION FOR BOND FINANCING**

A full sales and use tax exemption is available to eligible businesses that have obtained bond financing through the Mississippi Business Finance Corporation. The exemption is available on component building materials, equipment and machinery purchased directly by the eligible company with bond proceeds.

All businesses using industrial revenue bonds issued through the Mississippi Business Finance Corporation are eligible.

### **FEE IN LIEU OF PROPERTY TAX**

A company may be approved by local authorities to pay a fee in lieu of standard property taxes. This negotiated fee is valid for 30 years but cannot be less than 1/3 of the property tax levy. No particular parcel of land, real property improvement or item of personal property can be subject to a fee in lieu for more than 10 years.

Local units of government may consider a fee-in-lieu agreement when a company's private investment in land, building(s) and equipment exceeds \$60 million.

### **10-YEAR PROPERTY TAX EXEMPTION**

An exemption from property taxes on land, buildings and equipment is available for up to 10 years. School taxes are not exempt.

Eligible businesses include: manufacturers, processors, research and development facilities, refineries, warehouse and distribution facilities, data and information processing companies, telecommunications and technology-intensive industries. Local authorities must approve the exemption.

### **EXEMPTION ON IN-STATE INVENTORY**

An exemption from property taxes on finished goods that will remain in Mississippi is available. School taxes are not exempt. Any taxes paid become a direct credit to Mississippi income tax.

Manufacturers, processors, distributors, wholesalers or retailers are eligible. Local authorities must approve the exemption.

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## **FREE PORT WAREHOUSE EXEMPTION**

### **BENEFIT**

An exemption from property taxes paid on finished goods inventories leaving Mississippi is available. The exemption may be for all property taxes and may be perpetual.

### **ELIGIBILITY** [not comprehensive]

Local authorities must approve the exemption.

## **GROWTH AND PROSPERITY (GAP) PROGRAM TAX EXEMPTIONS**

Businesses that locate or expand in specific geographic areas of the state may receive state income tax, franchise tax and property tax exemptions for up to 10 years, as well as a sales and use tax exemption on all equipment and machinery purchased during initial construction or an expansion at an approved facility. Please contact Mississippi Development Authority for the current list of GAP-eligible counties.

An eligible business must be located in a county designated as a GAP county. To receive a GAP designation, a county must have an unemployment rate that is 200% of the state's annual unemployment rate or 30% or more of its population must fall below the federal poverty rate.

## **ADVANTAGE JOBS REBATE**

Many businesses creating new jobs in Mississippi are eligible to receive a rebate equal to a percentage of their Mississippi payroll for up to 10 years. The average wage of all jobs created must meet the program's minimum average wage requirements.

Eligible businesses include businesses that pay an average annual wage of 110% of the average county or state wage (whichever is less) and create at least 25 jobs. Businesses must provide a basic health benefits plan.

## **RESEARCH AND DEVELOPMENT SKILLS TAX CREDIT**

An income tax credit of up to \$1,000 per year for a five-year period is available for any full-time position requiring research or development skills.

Any business with positions requiring research or development skills may apply.

## **EXISTING MANUFACTURER TAX CREDIT**

An income tax credit equal to 5% of an existing Mississippi manufacturing business's additional investment in buildings and/or equipment is available, up to a maximum credit of \$1 million.

Existing manufacturers that have operated in Mississippi for at least two years and invest an additional \$1 million or more in buildings and/or equipment may apply.