

MISSISSIPPI

State Tax Commission



Tax Incentives for Economic Development

Revised and Effective July, 2004

Website: www.mstc.state.ms.us

E. Property Tax Incentives

E.1. Industrial Exemptions

An incentive for eligible businesses is available in the form of an exemption from ad valorem taxes (except for school district taxes) on tangible property (except for finished goods and rolling stock). Eligible businesses include the following:

- warehouse and/or distribution centers
- research facilities
- movie industry studios
- recreational facilities that impact tourism
- manufacturer, processor and/or refiner
- regional or national headquarters
- air transportation and maintenance facilities
- telecommunication enterprises

A ten (10) year exemption from ad valorem taxes on tangible property may be granted by local governing authorities. These local governing authorities are the board of supervisors for the county and the municipal authorities for the city. The exemption granted is for all local ad valorem taxes, except for the following:

- 1) school district taxes on any property;
- 2) taxes on finished goods;
- 3) taxes on rolling stock.

The tangible property exempted usually includes real property (land, building, and land improvements), machinery/equipment, furniture/fixtures, raw materials, and work in process.

Any request for an exemption must be made in writing by June 1st of the year immediately following the date of completion of a new enterprise or an addition or expansion by an existing enterprise. The request would be in the form of an application. Separate applications must be filed with the city and county if requesting exemption from both city and county ad valorem taxes. The local governing authorities must then send a copy of the application and a certified transcript of a resolution of approval to the MSTC. The MSTC will then certify that the property is either eligible or not eligible.

The exemption is for the specific tangible property included in the exemption application for that project and not to any additional tangible property that might be added later. A project could be a new enterprise or an addition or an expansion or a replacement of equipment necessary in the operation of the enterprise. Applications for additions, expansions or replacements may be granted regardless of whether or not a company is currently exempted on a previous project.

When the initial exemption granted is for a period of less than ten (10) years, the local governing authorities may grant subsequent consecutive period(s) to follow the initial exemption. However, the total time period of all the exemptions granted for a specific project cannot exceed ten (10) years.

For new enterprises, expansions or replacement of equipment exceeding a total true value of one hundred million dollars (\$100,000,000.00), local governing authorities may grant a fee in lieu of ad valorem taxes which will be negotiated and given final approval by the MDA. The minimum fee allowable cannot be less than one-third (1/3) of the property tax levy, including ad valorem taxes for school district purposes.

The ad valorem tax exemption granted by a local government to a new enterprise shall continue even though there is a change from leasehold to a fee title in an enterprise financed with bonds issued for the development of lands for industrial purposes or bonds issued under the Mississippi Small Business Financing Act.

If at any time during an authorized period of exemption, the company ceases activity for a continuous period of twelve month or the company has obtained the exemption under fraudulent misrepresentation, the exemption shall be cancelled. If the company resumes activities, then they can apply for a new exemption for the activities from this point forward.

HOW TO CLAIM THE CREDIT

- The company must file the original application with the local governing authority by June 1. (See Form 60-950) Make sure to use the correct statute as to "new" enterprise or "expanded" replacement of equipment, etc., on all applications and board resolutions.

- The local governing authorities will forward a copy of the original application, (See Form 60-950), a certified transcript of the resolution of approval, (See Form 60-960), and a copy of the position statement of Tax Assessor, (See Form 60-970), to the MSTC.
- A certificate of approval will be sent to the local governing authorities after the MSTC determines that the property is eligible for exemption.
- The local governing authorities will forward a copy of the final board order to the State Auditor's Office and to the MSTC. (See Form 60-980)

Any questions, please contact the County Tax Assessor in the county where the business is located.

The Ad Valorem Tax Exemption Incentive is authorized under Sections 27-31-101 through 27-31-115 and is further defined by Property Tax Bureau Rule 10 promulgated by the MSTC.

E.2. Free Port Warehouse Exemption

An incentive for all warehouses, public or private, or other storage facilities which are designated as a free port warehouse is available in the form of an exemption from ad valorem taxes on personal property in transit through this state.

Warehouses, public or private, or other storage facilities can apply to the local governing authorities for a license to operate as a free port warehouse. Caves or cavities in the earth, whether natural or artificial, are not eligible to apply for the license. After receiving such license, the free port warehouse may apply to these same local governing authorities to be exempted from all ad valorem taxes on part or all the assessed value of the personal property which is consigned or transferred to such warehouse or storage facility for storage and handling for a period of time set by the same local governing authority.

Such personal property shall not be deprived of exemption because while in a warehouse, the property is bound, divided, broken in bulk, labeled, relabeled or repackaged. The personal property in transit includes such property which is moving in interstate commerce through or over Mississippi or consigned or transferred to a free port warehouse for storage in transit to a final destination outside of Mississippi.

Each licensed free port warehouse must file with the County tax Assessors an inventory of all the personal property located inside as of January 1 of each year. This inventory listing must be submitted before March 31 of each year. At the end of the year, a report of the percentage of all personal property that was shipped to a destination outside the state to the total of all personal property shipped anywhere must be calculated. This percentage is then applied to the total value of all property contained in the inventory of the free port warehouse as of January 1. If the result is less than the amount of the initial exemption, the difference shall be deducted from the exemption and that amount shall be collected.

HOW TO CLAIM THE CREDIT

- The warehouse or storage facility will file an application with the local governing authorities for a license to operate as a free port warehouse. (See Form 60-002)
- The free port warehouse will then file an inventory report as of January 1 each year. (See Form 60-003)
- The free port warehouse will file at the end of the year a percentage calculation of inventory shipped outside of Mississippi to total inventory shipped. (See Form 60-004)

Any questions, please contact the County Tax Assessor in the county where the business is located.

The Free Port Warehouse Exemption Incentive is authorized under Sections 27-31-51 through 27-31-61.

E.3. Ad Valorem Exemption for Growth and Prosperity (GAP) Areas

An ad valorem tax exemption is available for a qualified business within a Growth and Prosperity (GAP) Area for a ten (10) year period.

The Ad Valorem Tax for GAP Area businesses was created to encourage businesses to locate facilities and hire individuals in areas that have a certain percentage of the population below the federal poverty level or have an unemployment rate that is 200% of the state's average unemployment rate. A county or supervisor's district applies to MDA to be designated as a GAP Area. After the application has been approved, the GAP Area is issued a certificate of public convenience and necessity. At this time, an eligible business that constructs a new facility or expands an existing facility located in one of these GAP Areas can apply to MDA to be exempted from local taxes for a period of ten (10) years or until December 31, 2015, whichever occurs first.

Local taxes mean any county or municipal ad valorem taxes except for the school, fire and police portions of the tax.

The business must be in compliance with all state and local tax laws and related ordinances and resolutions to be eligible for the exemption. Such exemption is not transferable and cannot be applied, used or assigned to any other entity. A business that relocates from a county in Mississippi to a GAP Area is not eligible for the exemption.

For more information on the GAP areas, please contact:

Mississippi Development Authority
Financial Resources Division
GAP Program
Post Office Box 849
Jackson, MS 39205

The exemption on local ad valorem taxes is based on the business's property, both real and tangible, located in the GAP Area. This exemption must be agreed upon with the local taxing authorities. This would include any county or municipality which has given its consent to participate in the GAP Program through its board of supervisors or the municipal governing board, council commission or other legal authority. The exemption is good for all ad valorem taxes, except those portions that represent the schools, fire and police taxes.

HOW TO CLAIM THE EXEMPTION

- The company must file the original application with the local governing authority.

Any questions, please contact the County Tax Assessor in the county where the business is located.

The Ad Valorem Tax Exemption for Growth and Prosperity (GAP) Areas is authorized under Sections 57-80-1 through 57-80-11, MS Code.

E.4. Ad Valorem Exemption for Broadband Technology Equipment

An ad valorem tax exemption for telecommunication businesses on the purchase of equipment used in the deployment of broadband technology.

EXCEPTION: Radio stations, television stations and news organizations are not considered telecommunication businesses and are not eligible for this exemption.

This incentive was created to encourage telecommunication businesses to invest in the infrastructure needed to develop the high speed access to the Internet for all counties in the state. Telecommunication businesses that deploy such equipment are eligible for an ad valorem tax exemption based on the value of any equipment used for the transmission of information at a high speed, including, but not limited to, asynchronous transfer mode switches, digital subscriber line access multiplexers, routers, servers, multiplexers, fiber optics, etc. To be eligible for this exemption, the item(s) must be **SOLD DIRECTLY TO, BILLED DIRECTLY TO and PAID FOR DIRECTLY BY** the business receiving the exemption.

Telecommunication businesses are defined as companies engaged in the creation, display, management, storage, processing, transmission or distribution for compensation of images, text, voice, video or data by wire or by wireless means. It also includes companies engaged in the construction, design, development, manufacture, maintenance or distribution for compensation of devices, products, software or structures used in the above mentioned activities.

The exemption is available in the year the equipment is placed in service. This exemption is available from July 1, 2003 through June 30, 2013. This exemption must be agreed upon with the local taxing authorities. The exemption is good for all ad valorem taxes, except those portions that represent the schools, fire and police taxes.

HOW TO CLAIM THE EXEMPTION

- The company must file the original application with the local governing authority.

Any questions, please contact the County Tax Assessor in the county where the business is located.

The Ad Valorem Tax Exemption for Broadband Technology is authorized under Sections 57-870-7, MS Code.

For further information on Property Tax Incentives, contact/write the following Office:

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Valuation & Exemption Bureau
Telephone (601) 923-7635,**

or

**Rita Fisher
Telephone (601) 923-7634**

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