

## **Incentives, Tax Credits, and Tax Abatements**

### **Incentives**

The Mississippi Development Authority (MDA), through its Financial Resources Division, administers a variety of incentive programs designed to assist businesses in obtaining loans for development and expansion and to posture the State as an aggressive competitor in the global market.

### **Financial Incentive Programs**

Major projects require major financing. Choctaw County and the state of Mississippi can tailor a package of financial programs that makes your expansion or location as simple and cost-effective as possible. Glance at the programs listed below, and you'll see that a financial program is featured for businesses of almost every size and every industry.

Few communities can rival the financial packages that Choctaw County and Mississippi can provide to new and expanding businesses. Large projects may qualify for the Major Economic Impact Authority, which puts at the disposal of MDA funds that can be used on projects of \$300 million or more. Unique in the nation, this program allows the state to issue general obligation bonds to assist local communities that need to meet development requirements of large capital projects.

In some cases, a major project may require special infrastructure or transportation facilities, and such options as the Access Road Program, the Airport Revitalization Program, the Economic Development Highway Program, and the Development Infrastructure Program are all designed to make those improvements to the manufacturer's specifications. Project managers and Financial Resources staff work closely with your business to make sure that you have the facilities you need to enhance your product line and your bottom line.

**The Rural Economic Development Assistance (RED) Program** is another incentive unparalleled in the nation. Working as a companion program to certain bond financing, RED allows eligible businesses to receive credits on Mississippi corporate income taxes.

**The Industrial Development Revenue Bond Program** reduces the interest costs of financing projects for companies through the issuance of both taxable and tax-exempt bonds. Additionally, ad valorem and sales tax exemptions and the above-referenced RED program credits are available in conjunction with this type of public financing.

While Industrial Development Revenue Bonds, Major Economic Impact Authority, and Rural Economic Development may be the most visible of Mississippi's programs, the state uses a much wider variety of programs to address the location and financing needs of its new and expanding businesses. Other loan programs that may apply to your company are listed below.

- Agribusiness Enterprise Loan
- Business Investment Act Program
- Energy Investment Program

Guaranty Loan Program  
Minority Business Enterprise Loan  
Minority Surety Bond Guaranty Program  
Small Business Assistance Program  
Small Enterprise Development Finance Program  
Financial Assistance Program

### **Tax Credits and Abatements**

Doing business in other states can be very taxing, but Mississippi's excellent business climate means its taxes are lower than other states' levels. Let us talk with you about how Mississippi's tax advantages can work to your advantage.

- No sales tax on purchases of raw materials, processing chemicals, or packaging materials.
- No sales tax on direct purchases of construction materials, machinery, and equipment for qualified businesses that are financed through Industrial Revenue Bonds or Small Enterprise Development Bonds or for qualified businesses locating or expanding in Tier Three Counties
- Partial (50%) sales tax exemptions for purchases of construction materials, machinery and equipment in Tier One and Tier Two Counties for qualified businesses..
- A 1 1/2% sales tax on machinery and parts used directly in manufacturing and on industrial electricity, natural gas, and fuels.
- Favorable individual and corporate income tax rates.
- State income tax credits for five years up to \$2,000 for each new job created by a new or expanding business.
- Five-year state income tax credits of \$1000 for each new R&D job created.
- For companies transferring regional or national headquarters to Mississippi, five-year state income tax credits of \$500 to \$2000 (depending upon qualified employee's wages) for each new job created and full sales tax exemptions for direct purchases of construction materials, machinery, and equipment for the headquarters facility.
- State income tax credits equal to 50% of child care expenses.
- State income tax credits equal to 50% of basic skills training and job re-training expenses.
- State income tax credits for qualified industries in conjunction with certain bond financing through the Mississippi Business Finance Corporation.
- Exemptions from county property taxes, except school taxes.
- Exemptions of property taxes on finished goods through a Free Port Warehouse Law.

### **Additional Incentives and Advantages of Mississippi**

Incentives are a major factor in Mississippi's reputation as one of the best business climates in the United States. Few other states can match the state's incentives, which include the following important components. Mississippi continues to put programs in place that will help your business do good business. Just for starters, we have developed these advantages

- Foreign trade zones, safe areas where your company's goods can be landed, stored, processed, and transhipped--all without incurring custom duties (import tax). Foreign trade zones can provide customers with manufacturing, assembling, packaging, and display facilities, all free of duties.
- Customized training, developed specifically for your business's needs. Through the State Department of Education and the Mississippi Development Authority, we can find you the right people and train them your way, on your company site, at mobile facilities, or at community colleges. It's your choice.
- The right-to-work is assured by Mississippi's Constitution, not just by statute as in most other right-to-work states. So your employees cannot be required to join a union as a condition of their employment.
- Favorable unemployment insurance rates and workers' compensation rates make that bottom line healthier.
- State-sponsored financing programs for land, building, and new equipment.
- Utility companies offer discounts on telephone and electric rates to eligible companies.
- Mississippi's environmental regulations are, in most cases, identical to federal regulations.
- Obtaining environmental permits in Mississippi is made easier by the fact that most permits are issued by the Mississippi Department of Environmental Quality (DEQ) and can be obtained from the office in Jackson. Although not actually defined as one-stop permitting, the process is not complicated. Senior agency management are accessible for thorough, open communication and decision making. The DEQ is the delegated authority to issue almost all federal environmental permits. The Permit Board meets bimonthly.
- Mississippi has exceptionally clean air and abundant water resources; these environmental conditions make almost every area of the state ideal for greenfield industrial sites. The state is one of the few states that meets all of the national ambient air quality standards for protection of public health and welfare. There are no nonattainment areas in the state.
- Mississippi is a water-rich state, having more than 84,000 miles of streams with 24,000 miles perennial, flowing year-round. The state is covered with hundreds of publicly owned lakes, reservoirs and ponds with a combined area of approximately 500,000 acres. Freshwater wetlands cover more than 4 million acres, and tidal wetlands cover about 66,000 acres.