



Momentum Mississippi Incentives Summary

The Momentum Mississippi Incentive legislation has two components — first, enhancing existing tax credits and incentives to include high-tech non-manufacturing industries and provide investment incentives to existing Mississippi businesses and second to fund incentive programs through issuance of bonds.

Mississippi Development Authority (MDA) is currently preparing guidelines based on this legislation. The information provided in this summary may change as MDA and other agencies develop guidelines for the new programs and adjust guidelines for existing programs. Any loan and grant funds authorized in this legislation will not be available until late 2005.

Loan/Grant Programs

Mississippi Existing Industry Productivity Loan Program – is a **new** program available to manufacturers that have been operating in the state for at least two years that meet minimum criteria established by the Mississippi Development Authority (MDA).

- Loans will be made to existing industries to deploy long-term fixed assets that through technology will improve productivity and competitiveness. An existing industry that accepts a loan under this loan program shall not reduce employment by more than 20%.
- The maximum amount of the loan shall not exceed 50% of the total cost of the project or \$500,000, whichever is less. The rate will be the rate on the most recent issue of 20-year state general obligation bonds occurring prior to the date the loan is made.
- MDA will conduct a financial analysis on the industry requesting the loan.

Research and Development and Technology-Based Business and Industry Loan – is a **new** program that will have minimum criteria established by MDA.

- The maximum amount of the loan shall not exceed \$750,000. The rate will be the rate on the most recent issue of 20-year state general obligation bonds occurring prior to the date the loan is made.
- MDA will conduct a financial analysis on the business or industry requesting the loan.

Mississippi Job Protection Act – is a **new** program that will provide for loans or grants for any at risk industry that has been operating in the state for at least three years that has lost jobs or is at-risk to lose jobs because such jobs have been outsourced. The eligible enterprise must use the loan or grant for job retention or to improve productivity and competitiveness. An at-risk industry that accepts a loan or grant cannot reduce employment by more than 20%.

- The outsourcing of jobs means to send work or jobs of a certain provider or manufacturer in the state to provider or manufacturer located outside the boundaries of the United States.

- The maximum amount of the loan shall not exceed \$750,000 and the grant shall not exceed \$200,000. Neither shall exceed 50% of the total cost of the project. The rate on the loan will be the rate on the most recent issue of 20-year state general obligation bonds occurring prior to the date the loan is made.
- MDA will conduct a financial analysis on the enterprise requesting the loan or grant.

Development Infrastructure Program – is an **existing** grant program available to local governments to provide for public infrastructure assistance.

Tax Credits/Exemptions

Alternative Energy Project – is a **new** income tax credit equal to \$1,000 annually for each new full-time job for a period of twenty years from the date the credit begins. The credit shall begin on the date selected by the producer; however, the beginning date shall not be more than five years from the date the producer begins manufacturing or producing alternative energy. Once a producer creates 25 new full-time jobs, the producer shall be eligible for the credit. Any unused credits can be carried forward for five years. These credits shall be in lieu of the jobs tax, research and development, and headquarters credits.

- An alternative energy project is a business enterprise engaged in manufacturing or producing alternative energy in the state with at least 50% of the finished product being derived from resources or products of the state.
- A producer is a manufacturer or producer of alternative energy through an alternative fuels project.

Existing Manufacturer Credit – is a **new** income tax credit available to a manufacturer that has operated in the state for at least two years and invests at least \$1,000,000 in buildings and/or equipment.

- The credit will be 5% of the eligible investment. The credit cannot exceed 50% of the income tax liability in any given year, but any unused credits can be carried forward for five years.
- The maximum credit that may be claimed by a taxpayer on any project shall not exceed \$1,000,000.

Reduced Sales Tax Rate for Technology Intensive Enterprises – is a **new** incentive that provides a reduced rate of 1.5% for sales of machinery and parts for plant use only when the machinery and machine parts will be used exclusively and directly within the state for industrial purposes, including, but not limited to, manufacturing or research and development activities. It also provides for a rate of 1.5% on electricity, current, power, steam, coal, natural gas, liquefied petroleum gas or other fuel sold to or used by a technology intensive enterprise.

- A technology intensive business is one which employs at least 10 new, full-time jobs and which has at least 10% of its workforce as scientists, engineers or computer specialists.

The average wage of all workers shall be at least 150% of the state annual average wage, and the enterprise must provide a basic health care plan to all of its employees.

- Eligible enterprises include a manufacturer of plastics, chemicals, automobiles, aircraft, computer or electronics; a research and development facility, a computer design or related facility, or a software publishing facility or other technology intensive facility or enterprise as determined by MDA.

Sales Tax Exemption (*technology intensive enterprises are now added to an existing exemption*) – sales of component materials used in the construction of a facility and the sales of machinery and equipment not later than 3 months after the completion of construction of the facility may receive a full exemption against sales tax in a Tier Three county and a one half exemption in a Tier One or Two county.

Sales Tax Exemption (*data/information enterprises are now added to an existing exemption*) – sales of component materials used in the construction of a facility and the sales or leases of machinery and equipment not later than 3 months after the completion of construction of the facility may receive a full exemption against sales tax in a Tier Three county and a one half exemption in a Tier One or Two county.

Property Tax Exemption – is an **existing** exemption that allows local governing authorities to exempt all taxes except school taxes for ten years for eligible entities. This exemption applies to land, building, equipment, and certain inventory.

- Data/information processing enterprises and technology intensive enterprises or facilities meeting minimum criteria established by MDA have been added to the list of eligible entities.

Jobs Tax Credit – is an **existing** income tax credit. This credit has been changed from a dollar per job credit to a percentage of payroll credit. The credit in a Tier Three county is now 10% of the payroll of the eligible enterprise per year for five years; the credit in a Tier Two county is 5%; and the credit in a Tier One county is 2.5%.

Rural Economic Development (RED) Credit – is an **existing** income tax credit. RED allows eligible businesses to use the debt service from industrial revenue bonds issued by the Mississippi Business Finance Corporation (MBFC) as a credit for each year for the life of the bonds. The credit cannot exceed 80% of the income tax liability in any given year, but any unused credit can be carried forward for three years.

- Data/information processing enterprises, national or regional headquarters, research and development facilities, and technology intensive enterprises or facilities meeting minimum criteria established by MBFC have been added to the list of eligible entities.

Other Incentives

Advantage Jobs – is an **existing** cash rebate program available to eligible entities for a period of up to ten years. The following entities are now eligible:

- Data/information processing enterprises that provide an average annual wage of 100% of the county or state wage whichever is less. The enterprise must create at least 100 new full-time jobs in a Tier Three county and 200 in a Tier One or Two county.
- Manufacturers and distributors paying an annual average wage of 110% of the county or state wage whichever is less. The enterprise must invest at least \$20,000,000 in land, buildings, and equipment. The enterprise must create at least 20 new, full-time jobs in a Tier Three county and 50 in a Tier One or Two county.
- Businesses (excluding retail and gaming) that pay 125% of the state or county wage whichever is less. The enterprise must create at least 10 new, full-time jobs in a Tier Three county and 25 in a Tier One or Two county.
- Research and development enterprises paying 150% of the state or county wage whichever is less and technology intensive enterprises paying 150% of the state wage. The enterprise must create at least 10 new, full-time jobs
- All eligible enterprises must provide a basic health benefits plan.
- All eligible enterprises must execute a performance agreement with MDA specifying the manner in which the enterprise will utilize the rebate.

The amount available for rebate will be the lesser of (1) the qualified employees' state personal income tax withholding; (2) a cost/benefit analysis prepared by MDA; or (3) a legal maximum of 4%. This amount is then multiplied by:

- 90% if the annual average wage is at least 175% of the county or state wage, whichever is less;
- 80% if the annual average wage is at least 125% and less than 175% of the county or state wage, whichever is less;
- 70% if the annual average wage is at less than 125% of the county or state wage, whichever is less.