



## Statewide Incentive Program



# Standard Property Tax Exemptions in Mississippi

## ***Property Tax Exemption***

An exemption from property taxes is available to eligible industries that locate or expand in Mississippi. The following businesses qualify for this exemption, at the discretion of the county and city government:

- Manufacturers, processors and/or refineries
- Research and development facilities
- Warehouse and distribution facilities
- Air transportation and maintenance facilities
- Telecommunications companies
- Data and information processing companies
- Recreational facilities that impact tourism
- Movie industry studios
- Technology-intensive facilities
- Regional or national headquarters
- Health care industry facilities

Local governing authorities may grant a property tax exemption for up to 10 years on real and tangible personal property being used in the state. The exemption may be granted for all local property taxes except school district taxes on any property, with the exception of finished goods or rolling stock. The exemption usually applies to property taxes on land, buildings, machinery, equipment, furniture, fixtures, raw materials and work in process.

To apply, eligible companies should contact the county board of supervisors for an exemption from county millage and the municipal authorities for an exemption from the city millage.

For more details, contact MDA's Financial Resources Division or visit: <http://www.dor.ms.gov/Laws-Rules/Documents/2017%20Incentive%20Book.pdf>.

April 2018

Contact the Mississippi Development Authority's Financial Resources Division  
at 601.359.3552 or [financial@mississippi.org](mailto:financial@mississippi.org) to learn more.

# Health Care Industry Zone Incentive

## **OVERVIEW**

The Mississippi Health Care Industry Zone Incentive aims to increase the number of health care jobs in the state and expand access to high-quality medical care for Mississippi residents by encouraging health care-related businesses to locate or expand in Health Care Zones in the state.

The Health Care Industry Zone Incentive provides certified businesses with the following incentives:

- An accelerated, 10-year state income tax depreciation deduction; and
- A sales tax exemption for equipment and materials purchased from the date of the project's certification until three months after the facility is completed.

In addition, the program allows counties and cities, at their discretion, to grant a property tax "fee in lieu" for 10 years for any certified project with an investment of more than \$10 million or a 10-year ad valorem tax exemption. Certified companies can also qualify for other Mississippi incentive programs.

## **ELIGIBILITY**

The incentive program is designed to benefit businesses engaged in:

- Medical supply
- Biologics
- Laboratory testing
- Medical product distribution
- Diagnostic imaging
- Biotechnology
- Pharmaceutical research and development
- Medical equipment or medicine production and related manufacturing or processing


Medical service providers, including nursing homes and assisted living facilities, may also benefit from this program.

To qualify for this incentive, health care-related businesses must commit to create at least 25 full-time jobs and/or invest \$10 million and must locate in a Health Care Zone within the state.

Health Care Zones are defined as:

- areas within a five-mile radius of a health care facility with acute care hospital beds in a region where there are three contiguous counties which have Certificates of Need for more than 375 acute care hospital beds; and/or
- areas located within five miles of a hospital that will be constructed before July 1, 2017, and that involves a minimal capital investment of \$250 million.

Contact the Mississippi Development Authority's Financial Resources Division  
at 601.359.3552 or [financial@mississippi.org](mailto:financial@mississippi.org) to learn more.



In addition, health care-related businesses that locate within a five-mile radius of William Carey University's Tradition campus in Harrison County or businesses located on land owned by or leased from the University of Mississippi Medical Center can qualify for Health Care Industry Zone incentives.

### ***CERTIFICATION***

For a health care-related business to qualify for the Mississippi Health Care Industry Zone Incentive, MDA must certify the business meets the minimum requirements of the program and the project advances health care opportunities in the state. Certification must be obtained before the project is announced and prior to the start of construction and hiring.

To apply, contact the Mississippi Development Authority's Financial Resources Division. For further details, see the Mississippi Tax Incentives, Exemptions, and Credits guidelines on the Mississippi Department of Revenue website at <https://www.dor.ms.gov/docs/2013IncentiveBook-pdffinal.pdf>.

*February 2015*



Contact the Mississippi Development Authority's Financial Resources Division  
at 601.359.3552 or [financial@mississippi.org](mailto:financial@mississippi.org) to learn more.

## Mississippi Clean Energy Initiative Incentives Program

The Mississippi Clean Energy Initiative Incentives Program provides tax incentives to companies that manufacture systems or components used to generate clean, renewable or alternative energy, which includes nuclear, solar and wind power and hydrogenation.

The program provides qualifying companies with a 10-year exemption from state income and franchise taxes, as well as a sales and use tax exemption to establish a plant or expand an existing production facility. To qualify, businesses must commit to invest a minimum of \$50 million and create 250 full-time jobs. Eligible businesses must be certified by the Mississippi Development Authority (MDA) to take advantage of these incentives.

To apply, contact MDA's Financial Resources Division. For further details, see the Mississippi Tax Incentives, Exemptions, and Credits guidelines on the Mississippi Department of Revenue website at [www.dor.ms.gov/](http://www.dor.ms.gov/).

To learn more about tax incentives available to clean energy component manufacturers locating or expanding in Mississippi, view the Clean Energy Tax Incentives overview.

*February 2015*

Contact the Mississippi Development Authority's Financial Resources Division  
at 601.359.3552 or [financial@mississippi.org](mailto:financial@mississippi.org) to learn more.

## Fee in Lieu of Property Tax

For eligible new businesses or expansion projects in the state that make a capital investment of more than \$60 million, local governmental authorities may negotiate a fee that will be paid in place of the calculated property tax typically due on the property. In addition, for health care industry facilities that have been certified by the Mississippi Development Authority and that make an investment of at least \$100 million, local governmental authorities may negotiate a fee in lieu of property tax.

This negotiated fee may be awarded for up to 30 years but cannot be less than one third of the property tax levy, including the property taxes assessed for school districts. 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. These fees in lieu of property tax are designed to encourage development within local communities and must be agreed to by the local board of supervisors and/or municipal authorities. All negotiated fees must be given final approval by MDA.

For more details, contact MDA's Financial Resources Division.

*April 2018*

Contact the Mississippi Development Authority's Financial Resources Division  
at 601.359.3552 or [financial@mississippi.org](mailto:financial@mississippi.org) to learn more.

## Growth and Prosperity (GAP) Program

The Growth and Prosperity (GAP) Program designates specific counties as GAP counties and provides income, franchise, sales and property tax incentives to companies that locate or expand in these areas of Mississippi. The program is designed to encourage development in economically challenged areas of the state.

To be designated as a GAP county, a county must have an unemployment rate that is 200 percent of the state's annual unemployment rate or must have 30 percent or more of its population below the federal poverty rate.

### **PROGRAM FACTS**

The following enterprises that create 10 or more jobs are eligible to participate under the GAP Program:

- Manufacturers, processors and companies that assemble, store, warehouse, service, distribute or sell any product or good, including agricultural products;
- Research and development enterprises, including, but not limited to, scientific laboratories; or
- Other businesses or industries that will further the public purposes of the GAP Act as determined on a case-by-case basis by MDA and that create a minimum of 10 jobs.

Retail or gaming businesses or electrical generation facilities are not eligible to participate in the GAP Program.

Eligible entities that locate or expand in a GAP area receive a series of tax incentives for a period of up to 10 years:

- **A full exemption on all state income and franchise taxes** related to the new location or expansion.

In instances where an expansion is approved for companies already subject to Mississippi income and franchise tax, an apportionment formula will be used to determine the percentage of Mississippi income and/or capital that is exempt through the GAP Program. This formula utilizes a property factor and a double-weighted payroll factor based on GAP property and payroll divided by the total company property and payroll. Specific calculation guidelines can be obtained from the Mississippi Department of Revenue.

- **A full sales and use tax exemption** on all equipment and machinery purchased during the initial construction or expansion at an approved facility.

This exemption is valid from the date that the project begins until three months after start-up. This exemption applies to the general 7 percent sales tax on component building materials, equipment and other assets purchased for the project, as well as the 1.5 percent sales tax on manufacturing machinery.

Contact the Mississippi Development Authority's Financial Resources Division  
at 601.359.3552 or [financial@mississippi.org](mailto:financial@mississippi.org) to learn more.

For commercial construction in Mississippi, there is a contractor's tax assessed on the construction of commercial real property that is calculated as 3.5 percent of the contractor's gross receipts from the construction. Contractor's tax has no exemptions, and the contractor is allowed to purchase all component building materials exempt from sales tax. Under the GAP Program sales and use tax exemption, component building materials can be purchased directly by the GAP-certified business. If these materials are not part of the construction contract, they are not subject to contractor's tax, and sales tax is not due on materials purchased by the GAP company. To qualify for the exemption, the materials must be purchased by, billed to and paid for directly by the eligible GAP-certified business. Contractor's tax will still apply to the labor portion of the construction contract.

- A **property tax exemption** on taxes levied on land, building, equipment and certain inventory at an approved facility in an approved GAP-designated area. This exemption does not include school taxes and that portion of the property tax utilized to pay for fire and police protection. If the company is eligible for a Free Port Warehouse exemption, it must be applied for separately.

### ***GAP-ELIGIBLE COUNTIES***

Adams, Bolivar, Claiborne, Coahoma, Holmes, Humphreys, Issaquena, Jefferson, Leflore, Noxubee, Oktibbeha, Quitman, Sharkey, Sunflower, Tallahatchie, Tunica, Washington and Yazoo

### ***COUNTIES WITH GAP-ELIGIBLE DISTRICTS***

Adams – District 4, Amite – Districts 2 and 3, Attala – District 4, Franklin – Districts 1 and 2 and Lowndes – District 4

Companies interested in GAP incentives must apply to and be certified by the Mississippi Development Authority, and an agreement must be entered into by the company prior to receiving these benefits. All tax incentives are administered by the Mississippi Department of Revenue and the County Tax Assessor.

To apply for the GAP Program, contact MDA's Financial Resources Division. For further details, see the Mississippi Tax Incentives, Exemptions, and Credits guidelines on the Mississippi Department of Revenue website at [www.dor.ms.gov](http://www.dor.ms.gov).

February 2015

Contact the Mississippi Development Authority's Financial Resources Division  
at 601.359.3552 or [financial@mississippi.org](mailto:financial@mississippi.org) to learn more.



## National or Regional Headquarters Relocation Tax Credit

Mississippi's National or Regional Headquarters Relocation Tax Credit offers companies transferring or relocating their national or regional headquarters to the state an income tax credit equal to their actual relocation costs.

### **PROGRAM FACTS**

In transferring or establishing a national or regional headquarters in Mississippi, a company must create a minimum of 20 qualified jobs and must meet the Department of Revenue's definition of a national or regional headquarters operation to be eligible for the National or Regional Headquarters Relocation Tax Credit.

A national or regional headquarters is defined as an office or location of a multi-state business where managerial, professional, technical and administrative personnel are domiciled and employed. Centralized functions such as financial, legal, technical and personnel activities must be performed there, and the location must be responsible for planning, directing and controlling all aspects of the organization's operations, whether for the United States, in the case of national headquarters, or for a region of the United States, for regional headquarters.

Relocation costs for which the relocation income tax credit may be awarded include non-depreciable expenses that are necessary to relocate headquarters employees to Mississippi, such as travel expenses incurred by employees and their families to and from Mississippi as they search for homes in the state and employees' moving expenses.

The amount of the relocation credit is the actual amount of qualified relocation expenses. The credit is applied to the tax year in which the relocation costs are paid. A business can utilize the National or Regional Headquarters Relocation Tax Credits in combination with other tax credits, such as the Jobs Tax Credit, the National or Regional Headquarters Tax Credit, or the Research and Development Skills Tax Credit, and may offset up to 50 percent of its state income tax liability using one or more of these available credits. Any unused credits can be carried forward up to five years.

The maximum cumulative amount of tax credits that may be claimed by all taxpayers claiming the National or Regional Headquarters Relocation Tax Credit in any one fiscal year cannot exceed \$1 million.

National or Regional Headquarters Relocation Tax Credits are awarded and administered by the Mississippi Department of Revenue. For further details, contact MDA's Financial Resources Division or see the Mississippi Tax Incentives, Exemptions, and Credits guidelines on the Department of Revenue's website at [www.dor.ms.gov/Individual/Documents/2015%20Incentive%20Book-%20Final.pdf](http://www.dor.ms.gov/Individual/Documents/2015%20Incentive%20Book-%20Final.pdf).

To learn more about tax incentives available to companies locating or expanding their national or regional headquarters in Mississippi, view the Headquarters Tax Incentives overview.

*April 2016*

Contact the Mississippi Development Authority's Financial Resources Division  
at 601.359.3552 or [financial@mississippi.org](mailto:financial@mississippi.org) to learn more.

## Job Protection Grant

The Job Protection Grant Program provides grants to “at risk” industries that have been operating in the state for at least three years and that have lost jobs or are at risk of losing jobs because these jobs have been outsourced. For the purposes of the Job Protection Program, outsourced jobs are defined as Mississippi jobs that are being lost and relocated to industries in foreign countries.

Businesses that are eligible under this program include:

- manufacturers
- warehouses and distribution centers
- research and development facilities
- telecommunications and data processing facilities
- national or regional headquarters

Job Protection grant recipients must use grant funds to retain jobs and improve their productivity and competitiveness. A business cannot reduce its employment by more than 20 percent if it receives a Job Protection grant.

Job Protection grant funds are only available for projects related to fixed assets, such as building or land improvements, and can't be used for working capital or to provide facilities used by a gaming enterprise or retail operation. Job Protection Grants cannot exceed 50 percent of the total cost of the project.

For more information or to apply for this program, contact MDA's Financial Resources Division at 601.359.3552 or email [financial@mississippi.org](mailto:financial@mississippi.org).

*April 2015*

Contact the Mississippi Development Authority's Financial Resources Division  
at 601.359.3552 or [financial@mississippi.org](mailto:financial@mississippi.org) to learn more.

## Jobs Tax Credit

Jobs Tax Credits are credits that can be applied to state income tax to reduce an employer's income tax liability. These credits are earned by certain types of businesses that create and sustain new jobs in Mississippi. The following types of businesses qualify for these credits:

- Manufacturers
- Wholesalers
- Processors
- Research and development facilities
- Distributors
- Warehouses

In addition, the following businesses qualify upon receiving a designation by the Mississippi Development Authority:


- Air and transportation maintenance facilities
- Telecommunications companies
- Data and information processing companies
- Computer software development enterprises
- Recreational facilities that impact tourism
- Resort hotels having a minimum of 150 rooms
- Movie industry studios
- Technology-intensive facilities

### ***PROGRAM FACTS***

To be eligible for the Jobs Tax Credit, an employer must create and maintain an annual average employment of the minimum number of jobs required based on the development ranking of the county:

County Ranking	Minimum Jobs to be Created	Credit Per Job
Tier I (Developed)	20	2.5% of Payroll
Tier II (Moderately Developed)	15	5% of Payroll
Tier II (Less Developed)	10	10% of Payroll

Contact the Mississippi Development Authority's Financial Resources Division  
at 601.359.3552 or [financial@mississippi.org](mailto:financial@mississippi.org) to learn more.



Jobs Tax Credits are calculated as a percentage of eligible payroll each year for five years, based on the business's location and wages subject to state income tax. The credits are taken in years two through six after the new jobs are created. Credits can be used to offset up to fifty percent of a business's income tax liability, and unused Jobs Tax Credits can be carried forward up to five years.

### ***JOB TRAINING OPTION***

Legislation approved by the Mississippi Legislature in 2013 allows companies that expand or locate in the state to either take the existing Jobs Tax Credit or monetize that credit to use for job training.

When companies that are eligible for the Jobs Tax Credit opt to monetize the credit, MDA provides job training grants to a community or junior college, public university or local workforce investment area in the state to pay costs incurred in training or retraining employees. Grants may cover 75 percent of the costs of training or retraining employees, not to exceed \$1,000 per job in Tier I counties, \$1,500 per job in Tier II counties and \$2,000 per job in Tier III counties.

Companies must elect to utilize a job training grant before creating any eligible jobs, and a company must choose between the Jobs Tax Credit or the job training grant option.

For further details, see the Mississippi Tax Incentives, Exemptions, and Credits guidelines on the Mississippi Department of Revenue website at <https://www.dor.ms.gov/docs/2013IncentiveBook-pdffinal.pdf> or contact MDA's Financial Resources Division.

*February 2015*



Contact the Mississippi Development Authority's Financial Resources Division  
at 601.359.3552 or [financial@mississippi.org](mailto:financial@mississippi.org) to learn more.

## Minority Business Enterprise Loan Program

The Minority Business Enterprise (MBE) Loan Program provides loans to socially and economically disadvantaged minority and women-owned businesses as designated by the Mississippi Development Authority's Minority and Small Business Development Division.

Manufacturers, warehouses and distribution centers and retail businesses may apply for this program. For a minority or small business to qualify for MBE loan assistance, the personal net worth of the business's owner cannot exceed \$500,000 after his or her personal residence and equity in the business are deducted.

MBE loan funds can be used for the following activities:

- land acquisition
- building acquisition, renovation or expansion
- working capital
- the purchase of machinery or equipment

Mississippi Planning and Development Districts, Small Business Investment Corporations and Community Development Corporations are responsible for making MBE loans in conjunction with the Mississippi Development Authority.

The maximum loan amount is 50 percent of the total project cost or \$250,000, whichever is less. MBE loans may be made for a maximum of seven years for working capital, a maximum of 10 years for machinery and equipment and a maximum of 15 years for land and buildings.

The interest rate on MBE loans ranges from two percent below to two percent above the Federal Reserve Discount Rate.

For more information or to apply for this program, contact MDA's Financial Resources Division at 601.359.3552 or email [financial@mississippi.org](mailto:financial@mississippi.org). For assistance in becoming certified as a minority or women-owned business, contact MDA's Minority and Small Business Development Division at 601.359.3448 or email [minority@mississippi.org](mailto:minority@mississippi.org).

*April 2015*

Contact the Mississippi Development Authority's Financial Resources Division  
at 601.359.3552 or [financial@mississippi.org](mailto:financial@mississippi.org) to learn more.

## Minority Business Micro Loan Program

The Minority Business Micro Loan Program provides loans to socially and economically disadvantaged minority and women-owned businesses as designated by the Mississippi Development Authority's Minority and Small Business Development Division.

Manufacturers, warehouses and distribution centers and retail businesses may apply for assistance through this program.

Loan proceeds can be used to purchase inventory, for working capital and for machinery and equipment.

Mississippi Planning and Development Districts, Small Business Investment Corporations and Community Development Corporations are responsible for making loans in conjunction with the Mississippi Development Authority.

The maximum loan amount is \$35,000. Minority business micro loans may be made for a maximum of seven years.

The interest rate is four percent above the Federal Reserve Discount Rate.

For more information or to apply for this program, contact MDA's Financial Resources Division at 601.359.3552 or email [financial@mississippi.org](mailto:financial@mississippi.org).

For assistance in becoming certified as a minority or women-owned business, contact MDA's Minority and Small Business Development Division at 601.359.3448 or email [minority@mississippi.org](mailto:minority@mississippi.org).

*April 2015*

Contact the Mississippi Development Authority's Financial Resources Division  
at 601.359.3552 or [financial@mississippi.org](mailto:financial@mississippi.org) to learn more.

## Minority Surety Bond Guaranty Program

The Minority Surety Bond Guaranty Program provides socially and economically disadvantaged minority businesses with technical assistance throughout the construction bonding process and provides eligible businesses with a bond guaranty where necessary. The program aims to increase minority participation in construction and building trade contracts with federal, state and local units of government.

Minority surety bond guaranties are available on construction projects requiring a performance and payment bond where the contracting agency is a federal, state or local unit of government. It is also available on certain private projects that have governmental funding, and, in some instances, the program may provide for bid bonds on public projects or private jobs with public funding.

To qualify for the Minority Surety Bond Guaranty Program, eligible applicants must meet the following requirements:

- Be in the construction or building trade business;
- Be certified as a Minority Business Enterprise through MDA's Minority and Small Business Development Division;
- Have been in business at least one year prior to application;
- Have its principal place of business located in Mississippi;
- Meet experience and financial standards appropriate to the contract;
- Agree to subcontract no more than 75 percent of a qualified contract; and
- Show reasonable evidence of an inability to secure bonding under normal market conditions.

The applicant may be a prime contractor or subcontractor as long as there is an executed contract for work to be performed.

In order to be considered for a bond guaranty, an eligible business and/or its bond producer must contact MDA's Minority and Small Business Development Division at 601.359.3448 or email [minority@mississippi.org](mailto:minority@mississippi.org) to begin the process.

## Mississippi Aerospace Initiative Incentives Program

The Mississippi Aerospace Initiative Incentives Program provides tax incentives to companies that locate or expand in the state and manufacture or assemble components for the aerospace industry or provide research, development or training services for the sector.

These incentives include a 10-year exemption from state income and franchise taxes, as well as a sales and use tax exemption for the purchase of component building materials and equipment related to the start-up or expansion of the facility. In order to qualify, companies must invest a minimum of \$30 million and must create at least 100 full-time jobs. Eligible aerospace businesses must be certified by the Mississippi Development Authority (MDA) to take advantage of these incentives.

To apply, contact MDA's Financial Resources Division at 601.359.3552 or email [financial@mississippi.org](mailto:financial@mississippi.org). For further details, see the Mississippi Tax Incentives, Exemptions, and Credits guidelines on the Department of Revenue website at [www.dor.ms.gov/](http://www.dor.ms.gov/).

To learn more about incentives available to aerospace businesses locating or expanding in Mississippi, view the Aerospace Tax Incentives overview.

*February 2015*

Contact the Mississippi Development Authority's Financial Resources Division  
at 601.359.3552 or [financial@mississippi.org](mailto:financial@mississippi.org) to learn more.



## Research and Development Skills Tax Credit

The Research and Development Skills Tax Credit is an income tax credit that can be used to reduce an eligible business's income tax liability. Credits are equal to \$1,000 per employee per year for a five-year period and are available for any position requiring research or development skills. There is no minimum number of positions that must be created for a business to qualify for this credit.

### ***PROGRAM FACTS***

To qualify for the Research and Development Skills Tax Credit, the position must be engaged in research and development activities. Qualification of jobs for this credit must require, at a minimum, a bachelor's degree in a scientific or technical field of study from an accredited four-year college or university, employment in the employee's area of expertise, and compensation at a professional level.

The credit is awarded in the amount of \$1,000 per full-time employee per year for a five-year period.

These credits can be used in conjunction with Jobs Tax Credits, and the combination can be used to offset up to 50 percent of a business's state income tax liability. Any unused credits can be carried forward up to five years.

### ***TO APPLY***

Research and Development Skills Tax Credits are awarded and administered by the Mississippi Department of Revenue. For further details, see the Mississippi Tax Incentives, Exemptions, and Credits guidelines on the Mississippi Department of Revenue website at <https://www.dor.ms.gov/docs/2013IncentiveBook-pdffinal.pdf> or contact MDA's Financial Resources Division.

*February 2015*

Contact the Mississippi Development Authority's Financial Resources Division  
at 601.359.3552 or [financial@mississippi.org](mailto:financial@mississippi.org) to learn more.

## Sales and Use Tax Exemption for Construction or Expansion

A sales and use tax exemption is available for eligible businesses that construct a new facility or expand an existing facility in Mississippi. Eligible businesses include manufacturers and custom processors. Data and information processing companies and technology-intensive facilities also may qualify upon receiving a designation by the Mississippi Development Authority.

### **PROGRAM FACTS**

The amount of exemption allowed depends on the location of the facility. For eligible businesses locating or expanding in less developed counties, a full exemption from sales tax is provided. For businesses locating or expanding in all other areas of the state, a one-half exemption is available. The development ranking of the county is established annually by the Mississippi Department of Revenue.

County Classification	Exemption Amount
Tier III (less developed)	100% Exemption
Tier II (moderately developed)	50% Exemption
Tier I (developed)	50% Exemption

This exemption applies to the general 7 percent sales tax on component building materials and equipment purchased for the project, as well as to the 1.5 percent sales tax on manufacturing machinery. The exemption is available from the beginning of the project until three months after the start-up of the new or expanded facility and benefits businesses locating in less developed areas of the state.

For commercial construction in Mississippi, there is a contractor's tax assessed on the construction of commercial real property that is calculated as 3.5 percent of the contractor's gross receipts from the construction. Contractor's tax has no exemptions, and the contractor is allowed to purchase all component building materials exempt from sales tax. Under this exemption, however, component building materials can be purchased directly by the eligible business. If these materials are not part of the construction contract, they are not subject to contractor's tax, and sales tax is not due on materials purchased under this exemption if the eligible business is locating or expanding in a less developed area of the state. To qualify for the exemption, the materials must be purchased by, billed to, and paid for directly by the eligible business. Contractor's tax will still apply to the labor portion of the construction contract.

To qualify for this exemption, a business must apply to the Mississippi Department of Revenue prior to beginning the project. For more details, contact MDA's Financial Resources Division or see the Mississippi Tax Incentives, Exemptions, and Credits guidelines on the Mississippi Department of Revenue website at <https://www.dor.ms.gov/docs/2013IncentiveBook-pdffinal.pdf>.

February 2015

Contact the Mississippi Development Authority's Financial Resources Division  
at 601.359.3552 or [financial@mississippi.org](mailto:financial@mississippi.org) to learn more.

## Sales and Use Tax Exemption for Data Center Enterprises

Mississippi provides a state sales and use tax exemption for all computing equipment and software used by companies certified as data centers by the Mississippi Development Authority.

To be eligible for this incentive, a business must locate or expand a data center in Mississippi that will store, manage, process or manipulate data. Businesses must invest at least \$20 million and must create at least 20 new jobs paying 125 percent of the average state wage to qualify for this program.

Both new and replacement equipment qualify for this tax exemption. In addition, component building materials and equipment used in the initial construction or expansion of the data center facility qualify for the exemption.

Eligible businesses must be certified as data centers by MDA to utilize this incentive. To apply for this incentive, contact MDA's Financial Resources Division at 601.359.3552 or email [financial@mississippi.org](mailto:financial@mississippi.org). For further details, see the Mississippi Tax Incentives, Exemptions, and Credits guidelines on the Mississippi Department of Revenue website at <https://www.dor.ms.gov/docs/2013IncentiveBook-pdffinal.pdf>.

To learn more about tax incentives available to data centers locating or expanding in Mississippi, view the Data Centers Tax Incentives overview.

October 2019

Contact the Mississippi Development Authority's Financial Resources Division  
at 601.359.3552 or [financial@mississippi.org](mailto:financial@mississippi.org) to learn more.

## Sales and Use Tax Exemption for Regional and National Headquarters

A sales and use tax exemption is available for eligible businesses that create their national or regional headquarters in Mississippi, transfer their headquarters to the state or grow their existing headquarters operations in the state. This exemption applies to purchases of component building materials used in the construction or improvement of a headquarters facility, as well as to the equipment used in the facility. A minimum of 20 new headquarters jobs must be created at the location in order for a business to qualify for this exemption.

National or regional headquarters are defined as an office or location of a multi-state business where managerial, professional, technical and administrative personnel are domiciled and employed. Centralized functions such as financial, legal, technical and personnel activities must be performed by the qualifying employees. The classification of personnel as headquarters employees is dependent upon their duties in direct relationship to the functions of the entity and not solely on their physical presence at the location. The facility must be responsible for planning, directing and controlling all aspects of the business's operations either nationally (for national headquarters) or within a sub-divided area of the United States (for regional headquarters).

### **PROGRAM FACTS**

This exemption applies to the general 7 percent state sales tax on component building materials, equipment and other assets purchased for the project. The exemption is available from the beginning of the location or expansion project until three months after the start-up of the new or expanded facility.

In Mississippi, a contractor's tax is assessed on the construction of commercial real property. Contractor's tax is calculated as 3.5 percent of the contractor's gross receipts from the construction. Contractor's tax has no exemptions. The contractor is allowed to purchase all component building materials exempt from sales tax.

Under the national or regional headquarters sales tax exemption, however, component building materials and equipment can be purchased directly by the business locating, transferring or expanding its headquarters operations in the state. If component building materials are not part of a construction contract, they are not subject to contractor's tax, and sales tax is not due on materials purchased by the headquarters business. To qualify for the exemption, the eligible business must purchase, bill for and directly pay for construction materials. Contractor's tax will still apply to the labor portion of the construction contract.

The National or Regional Headquarters Sales and Use Tax Exemption is awarded and administered by the Mississippi Department of Revenue. For further details, contact MDA's Financial Resources Division or see the Mississippi Tax Incentives, Exemptions, and Credits guidelines on the Mississippi Department of Revenue website at [www.dor.ms.gov/](http://www.dor.ms.gov/). To learn more about tax incentives available to headquarters operations locating or expanding in Mississippi, view the Headquarters Tax Incentives overview.

*February 2015*

Contact the Mississippi Development Authority's Financial Resources Division  
at 601.359.3552 or [financial@mississippi.org](mailto:financial@mississippi.org) to learn more.

## Skills Training Income Tax Credit

The Skills Training Income Tax Credit is an incentive available to certain businesses offering training to their Mississippi employees. Eligible businesses include:

- Manufacturers
- Wholesalers
- Processors
- Research and development facilities
- Distributors
- Warehouse

In addition, the following businesses qualify upon receiving a designation by the Mississippi Development Authority:

- Air and transportation maintenance facilities
- Telecommunications companies
- Data and information processing companies
- Computer software development enterprises
- Recreational facilities that impact tourism
- Resort hotels having a minimum of 150 rooms
- Movie industry studios
- Technology-intensive facilities

The Skills Training Credit can be applied to state income tax to reduce the eligible employer's income tax liability. For expenses to qualify for the Skills Training Credit, the training program must be offered by or be approved by the community or junior college in the district where the business is located, as well as by the Mississippi Department of Revenue. The training does not have to be held on the community or junior college campus to qualify for the credit but must enhance skills related to the job that the employee is performing, improve job performance or relate to a career path that is anticipated for the employee.

The expenses that qualify for this credit include expenses relating to instructors, instructional materials and equipment and the construction and maintenance of facilities by an employer designated for training purposes. Eligible amounts are those that are deductible in the employer's Mississippi income tax return, including travel, accommodations, the cost of copies, etc.

The Skills Training Income Tax Credit equals 50 percent of the expenses the business incurs in that training. The credit is allowed up to 50 percent of the business's state income tax liability for that year, and unused Skills Training Tax Credits can be carried forward up to five years. The amount of training credit cannot exceed \$2,500 per Mississippi employee per year. The credit is not refundable and cannot be used both as a credit and a deduction.

The Skills Training Income Tax Credit is administered by the Mississippi Department of Revenue. For further details, see the Mississippi Tax Incentives, Exemptions, and Credits guidelines on the Mississippi Department of Revenue website at <https://www.dor.ms.gov/docs/2013IncentiveBook-pdffinal.pdf> or contact MDA's Financial Resources Division.

*February 2015*

Contact the Mississippi Development Authority's Financial Resources Division  
at 601.359.3552 or [financial@mississippi.org](mailto:financial@mississippi.org) to learn more.

## Small Business Loan Guaranty Program

The Small Business Loan Guaranty Program (SBLGP) provides access to capital for small businesses by providing loan guaranties to banks and other small business lenders.

### OVERVIEW

The federal government created the State Small Business Credit Initiative through the Small Business Jobs Act of 2010 to help increase credit availability for small businesses. As a result of this initiative, the U.S. Treasury made \$1.5 billion of federal funds available to states, territories and eligible municipalities to help create and grow small businesses. Mississippi received \$13,168,350 of these funds and created the SBLGP with this funding.

The SBLGP encourages lenders to make term loans or provide lines of credit to new or existing small businesses in a difficult credit environment to help with the development, expansion and retention of Mississippi's small businesses.

### ELIGIBILITY

To be eligible for SBLGP assistance, an entity must be:

- a new or existing small business in Mississippi employing fewer than 250 full time employees and having less than \$7,000,000 in gross revenues or \$1,000,000 in profit after taxes OR
- a Mississippi non-profit organization using financing for a business purpose.

### PROGRAM DETAILS

SBLGP loan proceeds may be used by small businesses to acquire, renovate or expand buildings, acquire machinery and equipment, for working capital, or for other eligible business purposes.

The minimum loan amount is \$50,000, and the program provides for loans of up to \$500,000 or 50 percent of the total project cost, whichever is less. Eligible applicants may receive a loan guaranty of up to 50 percent for projects involving working capital and lines of credit and a guaranty of up to 80 percent for loans used to finance fixed assets.

The term of the SBLGP loan will match the term of the participating financial institution's loan, up to the maximum maturity of 15 years. Interest is charged on the SBLGP loan guaranty. Interest and payment terms are negotiated between the participating financial institution and the small business.

For more information or to apply for this program, contact MDA's Financial Resources Division at 601.359.3552 or email [financial@mississippi.org](mailto:financial@mississippi.org).

*April 2015*

Contact the Mississippi Development Authority's Financial Resources Division  
at 601.359.3552 or [financial@mississippi.org](mailto:financial@mississippi.org) to learn more.