

PROPERTY TAX

Counties and municipalities levy a property tax on real and tangible personal property in Mississippi. Generally, property is assessed at 15% of true value. This assessed value is then multiplied by the millage rate to determine the annual tax liability. Each city and/or county sets its tax rate, or millage. Mississippi does not have a state property tax.

Property Tax Example

Assume the following facts:

1. A manufacturing plant is located with a municipality where the total of all taxes is 78.5 mills.
2. The true value of the taxable property is
 - Land \$ 10,000
 - Buildings \$1,500,000
 - Machinery and Equipment \$ 700,000
 - Raw Materials \$ 200,000
 - Finished Goods \$ 500,000
 - **Total** **\$2,910,000**

The assessed value is calculated by multiplying the total by 15%

$$(15\% \times \$2,910,000) = \$436,500$$

The tax liability, before any exemptions, is calculated by multiplying the assessed value by the millage.

$$(\$436,500 \times .0785) = \$34,265$$

Property Tax Incentives Available

<i>Incentive</i>	Description
10-Year Property Tax	An exemption from property taxes on land, building, equipment, and certain inventory is available and is valid for up to 10 years. Manufacturers, Wholesalers, processors, research and development, distributor and warehouse facilities, air and

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<i>Incentive</i>	Description
<p>Exemptions (§27-31-101 through §27-31-115)</p>	<p>transportation maintenance facilities, telecommunications companies, data and information processing companies, computer software development enterprises, recreational facilities that impact tourism, movie industry, and technology intensive facilities qualify for this credit.</p> <p>The related municipal authorities and/or the local board of supervisors must approve this incentive. The exemption may be granted on all property taxes except school taxes, finished goods, and rolling stock.</p>
<p>Property Tax Fee-in-Lieu (§ 27-31-104)</p>	<p>In instances where an addition or expansion has a true value that exceeds \$100,000,000, the local governing bodies may negotiate a fee to be paid in lieu of the calculated property tax. This negotiated fee is valid for 10 years. The fee must be at least 1/3 of the property tax levy, including the property taxes assessed for school districts.</p> <p>The related municipal authorities and/or the local board of supervisors must approve this incentive. All negotiated fees must be given final approval from MDA.</p>
<p>Industrial Revenue Bond Exemptions</p>	<p>An exemption from property taxes on land, building, equipment, and certain inventory is available and is valid for up to 10 years on property purchased with industrial revenue bond proceeds from bonds issued by the Mississippi Business Finance Corporation (MBFC).</p> <p>The related municipal authorities and/or the local board of supervisors must approve this incentive. The exemption may be granted on all property taxes except school taxes, finished goods, and rolling stock.</p>

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<p><i>Free Port Warehouse Exemption</i></p> <p>(§27-31-51 through §27-31-61)</p>	<p>Local authorities may grant a freeport warehouse exemption on finished goods inventory leaving the state of Mississippi. The exemption may be for all property taxes and may be perpetual.</p> <p>To be eligible for this exemption, an application to operate as a free port warehouse must first be made to the local governing authorities. The related municipal authorities and/or the local board of supervisors must approve this incentive.</p> <p>To claim this exemption, an inventory of all personal property located in the warehouse as of January 1 must be provided to the local county tax assessor. At year-end, a percentage of all personal property that was shipped to a destination outside the state must be calculated and applied to the property value as of January 1. The result is the maximum exemption that can be taken for the year.</p>
<p>In-State Inventory Exemption</p>	<p>Local authorities may grant a finished goods inventory exemption on inventory that will remain in Mississippi. The exemption may be granted on all property taxes except school taxes, finished goods, and rolling stock, and may be granted for up to ten years.</p> <p>The related municipal authorities and/or the local board of supervisors must approve this incentive.</p>
<p>Growth and Prosperity Program (GAP)</p> <p>(§57-80-9)</p>	<p>A GAP designation may be awarded to eligible businesses in specific geographic areas of the State that exempts the business from certain property taxes for up to ten years. See details of this incentive under “Other Incentives.”</p>
<p>Broadband Technology Ad Valorem Exemption</p> <p>(§57-87-7)</p>	<p>The Broadband Technology Tax Credit allows approved businesses to exempt equipment that was purchased for use in the deployment of broadband technology. Equipment eligible for the property exemption is any equipment used to transmit information at a high speed. The value of this equipment is not included in the assessed value calculation.</p> <p>The exemption is available through June 30, 2013, and must be agreed to by the local taxing authorities. The exemption applies to all property taxes except the portions assessed for school districts and fire and police protection.</p>

OTHER INCENTIVES

<i>Incentive</i>	Description
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<p><i>Advantage Jobs Incentive Program</i></p> <p>(§57-62-1 et seq)</p>	<p>The Advantage Jobs Incentive Program provides for a rebate of a percentage of Mississippi payroll to qualified employers for a period of up to 10 years. This incentive is available to businesses that promise significant economic development of the economy through the creation of jobs. The average of all jobs included in the program must meet the minimum average wage requirements.</p> <p>The following businesses may qualify for this tax rebate:</p> <ul style="list-style-type: none"> • Data or information processing enterprises that provide an average annual wage of 100% of the lesser of the average county or state wage. In Tier I and II counties, 200 new jobs must be created, with 100 new jobs required in Tier III. • Manufacturers or distributors that provide an average annual wage of 110% of the lesser of the average county or state wage. Additionally, the business must invest at least \$20,000,000 in property, plant, and equipment. In Tier I and II counties, 50 new jobs must be created, with 20 new jobs required in Tier III. • Any business except retailers and gaming establishments that provides an average annual wage of 125% of the lesser of the average county or state wage. In Tier I and II counties, 25 new jobs must be created, with 10 new jobs required in Tier III. • Research and development enterprises that provide an average annual wage of 150% of the lesser of the average county or state wage. 10 new jobs must be created. • Technology intensive enterprises that provide an average annual wage of 150% of the state wage. 10 new jobs must be created. <p>In addition to meeting the above requirements, eligible businesses must also:</p> <ul style="list-style-type: none"> • Provide a basic health benefits plan. • Execute a performance agreement with MDA specifying the manner in which the enterprise will utilize the rebate. <p>The amount available for rebate is the lesser of:</p> <ol style="list-style-type: none"> 1. The qualified Mississippi personal income tax withheld; 2. A cost/benefit analysis prepared by MDA (the net benefit rate and the cumulative estimated net direct state benefit); or 3. A legal maximum of 4% of applicable wages <p>Once the amount available is determined, it is multiplied by:</p> <ul style="list-style-type: none"> • 90% if the annual average wage is at least 175% of the lesser of the average county or state wage; • 80% if the annual average wage is at least 125% but less than 175% of the lesser of the average county or state wage; or • 70% if the annual average wage is less than 125% of the lesser of the

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	<p>average county or state wage.</p> <p>The company will have 24 months from the date of the Certificate to meet all program requirements, including jobs and salaries.</p>
<p>Growth and Prosperity (GAP)</p> <p>(§57-80-1 et seq)</p>	<p>The Growth and Prosperity Program designates specific counties as GAP counties and provides incentives to companies that locate or expand in these areas of the state. Companies that are approved for GAP will be exempt for a period of ten years or until December 31, 2015, whichever occurs first.</p> <p>Taxes that are included in this full exemption are:</p> <ul style="list-style-type: none"> • Sales and use taxes on all equipment and machinery purchased during the initial construction of an approved facility is exempted. This exemption is valid from the date that the project begins until three months after start-up of the manufacturing process. This exemption does not cover tagged vehicles, ongoing expenses, supply items, or the contractor's tax. <p>Component building materials purchased directly by the eligible company are not subject to the contractor's tax and can be exempted from sales/use tax. To qualify for this exemption, the component building materials must be excluded from the contract and must meet the criteria of being sold to, billed to, and paid for directly by the company and not the contractor. The labor portion of the contract remains subject to the 3.5% contractor's tax.</p> <ul style="list-style-type: none"> • 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 GAP. 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 State Tax Commission. • Property 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.

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	<p>Eligible counties are:</p> <p>Tunica, Coahoma, Quitman, Tallahatchie, Bolivar, Sunflower, Leflore, Washington, Humphreys, Holmes, Sharkey, Yazoo, Claiborne, Jefferson, Wilkinson, Walthall, Jefferson Davis, Choctaw, Noxubee, Webster, and Clarke</p> <p>Counties with Eligible districts are:</p> <p>Yalobusha – District 4, Lowndes – District 4, Attala – District 4, Franklin – Districts 1 and 2, Adams – District 4, Amite – Districts 2 and 3, and Winston – District 4.</p>