



Mississippi Manufacturers Association

Momentum Mississippi — The Final Package

Focuses on: Existing manufacturers; manufacturing distribution centers; high wage, high tech R&D centers; data processing centers. Make local economic developers more effective. Give local governments greater access to infrastructure loans and grants.

Activity	Existing Incentives	New Provisions
Call Centers Back Office Operations	5-year jobs tax credit	Allow city/county to give 10-year property tax exemption. Exempt building materials and equipment from sales and use tax up to 100% of total depending upon county. Eligible for Rural Economic Development Corporate Income Tax credit.
High-tech Research & Development	5-year state income tax credit for \$1,000 per job Jobs Tax Credit	\$7 million for loans to incubators, R&D, high-tech firms. Creates a new category of R&D pilot manufacturing facility. Agricultural R&D is included. Allows sales tax rate of 1.5 % now available to manufacturers. Sales and Use Tax exemption for building, machinery and equipment up to 100%. Allows 10-year local property tax exemption. Eligible for Rural Economic Development Income Tax Credit.
Corporate HQ, National & Regional	5-year income tax credits of \$500 to \$2,000 per job. Sales tax exemptions for construction materials, machinery and equipment	Allows corporate headquarters to be eligible for the Miss. Business Finance Corporation Program. Allows local governments to grant 10-year property tax exemption to corporate headquarters.
Existing Manufacturers	None if not expanding	Creates 2 new programs to save jobs or encourage creation of new ones: <ol style="list-style-type: none"> 1. Manufacturing Investment Tax Credit <ol style="list-style-type: none"> a. Must have been in state 2 years b. \$1 million investment in building or equipment c. State Income Tax credit of up to 5% of new investment d. Up to 50% e. With 5-year carry forward 2. Existing Industry Loan Program <ol style="list-style-type: none"> a. \$7 million total available b. Must have been in state 2 years c. For equipment purchases that improve productivity and competitiveness d. Cannot reduce jobs by more than 20% e. Up to 50% of total projected cost f. 1-1 public/private match <p>**Mississippi Job Protection Act, which provides \$12 million in loans and grants for “at risk industries” to retain jobs in danger of being moved outside of the United States. Companies must have been in the state for at least three years. Grants are available for up to 50% of the project cost or a maximum of \$200,000 through the Mississippi Development Authority. This Act is intended to improve productivity and competitiveness of existing businesses.</p>

** Incentive is new and added by Legislature

(Continued on page 2)

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Advantage Jobs Program	Existing program, passed in 2000 Jobs Program. Gives company a cash rebate of employee income tax withholding . Based on the # of jobs created. Requires wages to be % above average wage. Manufacturing and distribution eligible: % qualifier – 125%; Tier I – 25; Tier II – 25; Tier III – 10; Investment – none.	Change from dollar amount to percentages and adds the following new categories of eligible companies: <table border="1"> <thead> <tr> <th>Industry Type</th> <th>% Qualifier</th> <th>Tier I</th> <th>Tier II</th> <th>Tier III</th> <th>Investment</th> </tr> </thead> <tbody> <tr> <td>Data/Information Processing</td> <td>100%</td> <td>200</td> <td>200</td> <td>100</td> <td>None</td> </tr> <tr> <td>R&D/HighTech</td> <td>150%</td> <td>10</td> <td>10</td> <td>10</td> <td>None</td> </tr> <tr> <td>Mfg. & Dist. OR Mfg. & Dist.</td> <td>110%</td> <td>50</td> <td>50</td> <td>20</td> <td>\$20 MM</td> </tr> <tr> <td></td> <td>125%</td> <td>25</td> <td>25</td> <td>10</td> <td>None</td> </tr> </tbody> </table>	Industry Type	% Qualifier	Tier I	Tier II	Tier III	Investment	Data/Information Processing	100%	200	200	100	None	R&D/HighTech	150%	10	10	10	None	Mfg. & Dist. OR Mfg. & Dist.	110%	50	50	20	\$20 MM		125%	25	25	10	None
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ACE Fund	Created as part of the Advantage Mississippi Initiative.	Existing fund, passed in 2000. A deal-closing fund. Puts \$7 million into the program.																														
Development Infrastructure (DIP) fund	Grants for local infrastructure.	Increases the amount of available funds. Puts \$7 million into the grant program.																														
Jobs Tax Credit Income Tax	Existing program based on \$500, \$1,000 or \$2,000 per job based on Tier I (developed), Tier II (moderately developed), and Tier III (less developed) county.	Minimum job creation remains the same. Replaces the set dollar per job with a % of payroll. Based on economic level of county. Tier I, 2.5%; Tier II, 5%; Tier III, 10%. State Income Tax credit of up to 50% on income tax in any given year. 5-year carry forward.																														
**Accountability Provisions																																
**Illegal Immigration	None	Prohibits any company from benefiting from any of the program's loans, grants and incentives if it has been convicted of intentionally violating laws on hiring illegal aliens. Any company that has received any loan, grant or incentive and is convicted of a violation must repay the money.																														
**Legislative Oversight Committee	None	A six-member committee composed of two appointees each of the Governor, Lt. Governor and the Speaker of the House. The committee will meet quarterly to advise the Mississippi Development Authority. The committee will not have access to any confidential or proprietary information about a project.																														
**MDA Report	None	Requires the Mississippi Development Authority to make an annual report to the Secretary of State on the net economic impact of the incentives.																														
**Congressional District	None	Requires MDA to attempt to provide equitable distribution among the state's congressional districts. An equitable distribution is not mandatory.																														
**Alternative Energy																																
**Alternative Energy	None	Allows income tax jobs credit for 20 years of \$1,000 for every job created for alternative energy projects. The income tax credit cannot exceed the total of income tax due. Ethanol and bio-diesel are some of the fuel projects that can receive the tax credit. The project must use a majority of Mississippi products or resources. An eligible project must create at least 25 jobs.																														
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