



HANCOCK COUNTY, MISSISSIPPI INDUSTRY TAX EXEMPTION POLICY

Generating investments (including jobs) by the private sector is a priority of the Hancock County Board of Supervisors and the Hancock County Port & Harbor Commission (HCPHC). In order to expand development options for the County that could offer improved employment opportunities for its citizens, diversify or expand the tax base, promote economic growth, ensure long-term financial ability to provide ongoing quality services and infrastructure, and preserve the quality of life, the County does hereby establish this policy to encourage new industry location decisions within the County and assist existing industrial expansions.

Any and all guidelines in this policy shall be subject to Mississippi State Code. This policy shall sunset after December 31, 2019.

POLICY

- Offer tax exemptions equally to all qualified companies based on a company performance standard.
- The Hancock County Board of Supervisors will offer, at their sole discretion, tax exemptions to new and existing companies in accordance with this policy.
- The Hancock County Industry Tax Exemption Policy involves a contractual agreement between the County and a new or existing industry.
- All recipients must be current in payment of any and all taxes, fees and any other amounts due to the State of Mississippi, Hancock County or any government entity located within Hancock County.
- Each request for a tax exemption will be evaluated on an individual basis by HCPHC and presented to the Board of Supervisors.
- Economic conditions may necessitate the County to modify, amend, or even terminate the tax exemption policy as stated, however any modification, amendment or termination shall be subject to compliance with any tax exemptions in effect at that time.
- All decisions are based on availability of county funds.

TAX EXEMPTIONS:

- Real and Personal Ad Valorem Tax exemptions: may be granted for improvements to real property, personal property and inventory to the extent allowed by law, excluding school, community college, road and bridge, and fire taxes.
 - Real Property refers to fixed property, principally land and buildings.
 - Personal Property refers to movable property belongings exclusive of land and buildings. Personal property tax is based on the same formula as real property.

- FreePort Warehouse: Mississippi laws allow for licensing of a warehouse to operate as a free port warehouse and be exempted from all ad valorem taxes on inventory being shipped out of state. The Hancock County Board of Supervisors executes the license and approval for the free port warehouse exemptions. The application for license, along with a \$10 fee, must be filed with the Hancock County Tax Assessor's office by March 31. Reports of inventory, which estimate the amount of inventory to be shipped out of state during the year, shall be filed with the tax assessor no later than March 31 of that same year to be eligible for exemption. Reports of inventory movement, showing the actual inventory shipped out of state, shall be filed with the tax assessor by March 31 of the following year and an assessment of the differences will be determined, along with appropriate taxes levied. For further information, please review Sections 27-31-51, 27-31-55, 27-31-57, and 27-31-59 of Mississippi Code of 1972.
- Other incentives: may be in the form of infrastructure such as streets; environmental testing/site mitigation; clearing, grading and erosion control; water and/or sewer line connections and extensions (negotiated on case-by-case basis).

To speak with someone regarding these exemptions, please contact:

- Hancock County Port and Harbor Commission (228) 467-9231
- Jimmie Ladner, Hancock County Tax Assessor (228) 467-4425
- Robert L. Dampeer, Director Ad Valorem Division Mississippi State Tax Commission 601-923-7635

CRITERIA

- The tax exemption must be requested prior to the start of the project.
- An industry meeting these criteria and desiring a tax exemption shall apply in writing.
- Tax exemptions will be available to new and existing industries. Existing industries qualify only for that portion of expansion that represents "new" investment.
- A tax exemption should not be expected to solely or primarily have the effect of merely transferring existing employment from one part of the County to another without demonstration of increased future investment (dollars or jobs) or unusual circumstances whereby without such a move employment is likely to be reduced.
- No tax exemptions will be granted for modernization projects unless there is a change in use or a change in ownership and the project is not attributable to delayed or deferred maintenance.
- Personal property that was located on the real property at any time before the period covered by the tax exemption agreement will not be eligible for tax exemption.
- A report shall be filed by January 1st with HCPHC and Hancock County Tax Office to verify investment, employment, wages rates and payroll, in order to be evaluated for continued eligibility.
- If personal property should become obsolete and be replaced while under a tax exemption, the replacement personal property is not eligible for tax exemption.

ANNUAL CERTIFICATION

Beginning on or before December 31st of the year which establishes "Base Year Value" for the agreement, and throughout the term of such agreement, the owner/applicant shall annually submit a statement on or before December 31st of each year, which provides the number of existing jobs, dollar amount of payroll, type of equipment (if applicable) and the square footage of qualified facilities. Domicile, payroll and other employment certifications will be submitted on a form provided by the Hancock County Port and Harbor Commission and inspected by the CFO, or a local senior management official of the company. The County shall have the right, if it deems necessary, to examine the owner's appropriate records and to renegotiate or adjust the tax exemption based on the verified information provided by owner's statement.

PREVIOUS TAX EXEMPTION AGREEMENTS NOT AFFECTED

These Guidelines and Policy Statement for Tax exemption approved by HCPHC and the County shall not affect any tax exemption previously approved by the County.

RECAPTURE

If a project is not completed as specified, or if the terms of the tax exemption agreement are not met, the County has the right to cancel or amend the tax exemption agreement and abated taxes shall become due to the County and other affected taxing units as provided by law. If a project granted a tax exemption ceases to operate or is no longer in conformance with the tax exemption agreement, the agreement shall not be effective for the period of time during which the project is not operating or is not in conformance. Tax exemptions may take the form of escrow agreements whereby taxes are paid into escrow and then refunded as agreed upon milestones are met.

If the project granted a tax exemption fails or refuses to meet its obligations and commitments under this Agreement, it shall be responsible and obligated to repay to the County the tax exemptions, including the value of in-kind incentives, received from the County. Repayment of these incentives shall be made by the Applicant upon sixty (60) days demand by the County. Repayment of the incentives shall be made on a pro-rata basis based on the percentage of non-compliance by the project.

INSPECTION AND VERIFICATION

HCPHC and the County reserve the right to send representatives to inspect the facilities of the applicant during the term of the tax exemption to verify the accuracy of information provided for the tax exemption agreement. Provisions to this effect shall be incorporated into the agreement.

APPLICATION PROCESS

Any person, partnership, organization, corporation or other entity desiring Hancock County to consider providing real or personal property tax exemption shall submit an application to the Hancock County Port & Harbor Commission. Said application and application process will be determined by HCPHC.

TAX EXEMPTION – NEW INDUSTRY

Upon submittal of an application for a tax exemption to the Hancock County Port and Harbor Commission, the new industry may accumulate* incentive percentage credit towards an exemption as described in the following table:

<u>PROJECT</u>	<u>CRITERIA</u>	<u>Exemption %</u>
<u>Target Industry</u>		
<ul style="list-style-type: none"> Companies that are a targeted industry as determined by HCPHC 		10%
<u>Facility</u>		
<ul style="list-style-type: none"> The County calculates value by dollars invested in facility and equipment 	\$ 200,000 - \$2,500,000	20%
	\$2,500,001 - \$5,000,000	30%
	\$5,000,001 - \$10,000,000	35%
<u>Employment</u>		
<ul style="list-style-type: none"> The County calculates the potential social/economic benefit to the county partially through the number of new employees added to the county workforce 	2 to 25 employees	25%
	26 to 50 employees	30%
	51 to 100 employees	40%
	101 to 200 employees	50%
<u>Wage Rates</u>		
<ul style="list-style-type: none"> The County additionally calculates the wage rate as compared to minimum wage rate 	\$1 to \$2 above min. wage rate	10%
	\$3to \$6 above min. wage rate	25%
	\$7 to \$11 above min. wage rate	30%
	\$11+ above min. wage rate	45%

*Total Exemption cannot exceed 100%.

**Employee Residency Multiplier to be applied to all projects

- <25% = 0.9 multiplier
- >25% = 1.0 multiplier
- >35% = 1.25 multiplier
- >40% = 1.5 multiplier

Financial incentives derived through the accumulation of percentage based on the above will be considered to receive the following incentive.

- A five year tax exemption at the earned percentage.
- Consideration for an additional five year tax exemption at the same percentage upon review of existing investment, jobs and wages at completion of initial five year tax exemption.

Any project with a capital investment of more than ten million dollars (\$10,000,000) or a newly created minimum annual payroll of two and one-half million dollars (\$2,500,000) or creating more than two hundred jobs will be individually negotiated.

TAX EXEMPTION – EXISTING INDUSTRY

Upon submittal of an application for a tax exemption to the Hancock County Port and Harbor Commission, the existing industry may accumulate* incentive percentage credit towards an exemption as described in the following table:

<u>PROJECT</u>	<u>CRITERIA</u>	<u>Exemption %</u>
<u>Facility</u>		
<ul style="list-style-type: none"> The County calculates value by dollars invested in facility and equipment 	\$ 200,000 - \$2,500,000	20%
	\$2,500,001 - \$5,000,000	30%
	\$5,000,001 - \$10,000,000	35%
<u>Employment</u>		
<ul style="list-style-type: none"> The County calculates the potential social/economic benefit to the county partially through the number of new employees added to the county workforce 	2 to 25 employees	25%
	26 to 50 employees	30%
	51 to 100 employees	40%
	101 to 200 employees	50%
<u>Wage Rates (new)</u>		
<ul style="list-style-type: none"> The County additionally calculates the wage rate as compared to minimum wage rate 	\$0 to \$2 above min. wage rate	10%
	\$3 to \$6 above min. wage rate	25%
	\$7 to \$11 above min. wage rate	30%
	\$11+ above min. wage rate	45%
<u>Existing Employment</u>		
<ul style="list-style-type: none"> Average employment since established (10 years max.) 	10 to 25 employees	5%
	26 to 50 employees	10%
	51 to 100 employees	15%
	101 to 200 employees	20%

*Total Exemption cannot exceed 100%.

**Employee Residency Multiplier to be applied to all projects

- <25% = 0.9 multiplier
- >25% = 1.0 multiplier
- >35% = 1.25 multiplier
- >40% = 1.5 multiplier

Financial incentives derived through the accumulation of percentage based on the above will be considered to receive the following incentive.

- A five year tax exemption at the earned percentage.
- Consideration for an additional five year tax exemption at the same percentage upon review of existing investment, jobs and wages.

Any project with a capital investment of more than ten million dollars (\$10,000,000) or a newly created minimum annual payroll of two and one-half million dollars (\$2,500,000) or creating more than two hundred jobs will be individually negotiated.



HANCOCK COUNTY, MISSISSIPPI INDUSTRY TAX ABATEMENT POLICY

EXHIBIT “A” DEFINITIONS

Tax exemption: the full or partial exemption for ad valorem taxes of eligible real, personal and inventory property.

Agreement: a contractual agreement between any person, partnership, organization, corporation or other entity and a taxing jurisdiction for the purpose of tax exemption or other incentive.

Base Year Value: the assessed value of the applicant's real property and improvements on January 1 of the year of the execution of the agreement and/or the assessed value of any tangible personal property located on the owners real property covered by the agreement.

Corporate Headquarters: the building or buildings that the principal executive officers have designated as their principal office. The County requires that the corporate headquarters have at least fifty (50) or more full-time employees located in the building(s).

County: the Hancock County Board of Supervisors/Hancock County.

Domicile: living within the geographical perimeter of Hancock County. Proof of domicile is required.

Economic Life: the number of the years a property improvement is expected to be in service in a facility; provided, however, in no event shall the number of years exceed the depreciation allowance specified by the Hancock County Tax Assessor's office.

Expansion: the addition of buildings, structures, fixed machinery, or equipment for the purpose of increasing production capacity.

Facility: property improvements completed or in the process of construction which together comprise an integral whole.

Full-time job: a job that requires a minimum of thirty-two (32) hours of work per week and includes benefits.

HCPHC: the Hancock County Port & Harbor Commission.

Inventory: defined as a complete list of items such as personal property, goods in stock, or the contents of a building. The tax formula for inventory is the same formula used in the calculation for real and personal property.

Job(s): a position of full-time employment for an individual to work 32 hours or more per week for an employer, in which, the individual is provided the benefits normally offered by the employer, such as health insurance, vacation and some form of retirement benefit.

Lease: a relationship whereby the business applying for tax exemption has a contract for exclusive possession of either the real property on which improvements are to be made and/or of movable personal property to be used for the operation of the business for a defined period of time.

Modernization: the replacement and upgrading of existing facilities, which increases the productive input or output, updates the technology, or substantially lowers the unit cost of operation, and extends the economic life of the facility. Modernization may result from the construction, alteration, or installation of buildings, structures, fixed machinery, or equipment. It shall not be for the purpose of reconditioning, refurbishing, repairing, or completion of deferred maintenance.

Proof of Domicile in Hancock County: Proof of domicile shall include a copy of a valid Mississippi Driver's License with a Hancock County address as well as a current copy of vehicle registration showing that license tag taxes have been paid in Hancock County. If a current copy of the vehicle registration is not available than a copy of a current homestead exemption showing that the residence is in Hancock County will suffice.

Tax exemption: refers to the removal or reduction of taxes to real property, personal property and inventory.

New facility: a previously undeveloped property that is placed into service by means other than expansion or modernization.

Personal Property: equipment and/or tools used, bought or leased for use, in the operation of the business applying for tax exemption, other than that which was located on the real property at any time before the period covered by the tax exemption agreement, and other than inventory, supplies, and office equipment.

Real Property: the area of land defined by legal description as being owned or leased by the business applying for a tax exemption, including any improvements thereto, which is to be improved and valued for property tax purposes.

Value: as determined by the Hancock County Tax Assessor's office.