



DOWNTOWN

BUSINESS RESOURCES

GREATER HATTIESBURG, MISSISSIPPI



AREA DEVELOPMENT PARTNERSHIP
GREATER HATTIESBURG MS

AVAILABLE INCENTIVES OVERVIEW

10-Year Property Tax Exemptions

- **10-year property tax exemptions can be approved by a municipality for structures located within a municipality. Eligible structures include: new structures located in a Central Business District (CBD); OR improvements/renovations to existing structures located in a CBD or in an area designated as blighted by the municipality.**

7-Year Property Tax Exemptions

- **7-Year property tax exemptions can be approved by the municipality, if the structure is located within a municipality, and by the county in which a structure is located as well. For the exemption to be approved by the county, it must first be approved by the municipality. This exemption can be applied to: (A) new structures or improvements/renovations to existing structures located in a CBD, Historic Preservation District, or on a Historic Landmark Site; OR (B) new structures or improvements/renovations to existing structures located in a Business Improvement District, Urban Renewal District, or Redevelopment District with 25,000+ residents.**

Partial Property Tax Exemptions

- **Partial property tax exemptions are available from municipalities for any structure or other improvement that is not less than 25 years of age that has undergone substantial rehabilitation, renovation, or replacement for residential use, both single and multi-family. Replacement structures may not exceed total square footage of replaced structure by more than 30%. The exemption can be granted for no more than ten years and must be: (A) in an amount equal to the increase in assessed value of property resulting from the rehabilitation, renovation, or replacement of structure; OR (B) an amount of not more than 50% of the cost of the rehabilitation, renovation, or replacement. Additional information: (A) Municipal ordinance can reduce the amount of the exemption in annual steps over the length of the exemption of a portion thereof; (B) municipality may assess a fee not to exceed \$50.00 for processing an application; (C) Municipality must declare that exemption will promote the economic, cultural, or educational advancement of the municipality**

AVAILABLE INCENTIVES OVERVIEW

Opportunity Zones

- Opportunity zones are designated census tracts that provide the availability for a deferral of taxes for capital gains that are invested in those tracts. There are seven opportunity zones throughout Greater Hattiesburg and they can be found on the map on page 19.
- For investments made in Opportunity Zone Funds, investors realize a deferral of taxes for up to 10 years or until the investment is sold, whichever comes first. Investors receive a step-up in basis of 10% on the capital gain if the investment is held in the Opportunity Fund for at least five (5) years. Investors receive a step-up in basis of 15% on the capital gain if the investment is held in the Opportunity Fund for at least seven (7) years. All capital gains earned from the sale of an Opportunity Zone investment are nontaxable after being held in the Opportunity Fund for at least 10 years.

New Market Tax Credits

- The NMTC Program attracts investment capital to low-income communities by permitting individual and corporate investors to receive a tax credit against their Federal income tax return in exchange for making equity investments in specialized financial institutions called Community Development Entities (CDEs). The credit totals 39 percent of the original investment amount and is claimed over a period of seven years (five percent for each of the first three years, and six percent for each of the remaining four years).
- The investment in the CDE cannot be redeemed before the end of the seven-year period. The program allows certain qualified Community Development Entities (CDEs) to compete for a certain allocation of tax credit amounts, which flow to investors who make Qualified Equity Investments (QEIs), in certain Qualified Low-Income Community Investments (QLICs), administered by the CDEs.

AVAILABLE INCENTIVES OVERVIEW

State Historic 25% Tax Credit

- The Mississippi Department of Archives and History is responsible for the administration of the program, which provides for a state income tax credit equal to 25% of the qualified expenses of rehabilitating historic structures used for residential or business purposes. To be eligible, the qualified rehabilitation expenditures must exceed: \$5,000 in the case of an owner-occupied dwelling; OR 50% of the total basis in the property in the case of all properties other than owner-occupied dwellings.

Federal Historic 20% Tax Credit

- To be eligible for the 20% rehabilitation tax credit, a project must also meet the following basic tax requirements of the Internal Revenue Code: The building must be a historic, depreciable structure— commercial or rental; the property must be returned to use. Furthermore, the owner must hold the building for five full years after completing the rehabilitation; rehabilitation expenditures must exceed \$5,000 or the adjusted basis of the building, whichever is greater; the building must be a certified historic structure when it is placed in service.

Facade Improvement Program

- For Downtown Hattiesburg property owners or tenants who want to renovate the exterior appearance of their building. Program provides CDBG funds ranging from \$500 to \$7,500 that can be used to reimburse up to 50% of the costs of the project.

Local Historic Tax Credit

- For residential or commercial contributing structures within a Local Historic District or Central Business District, which have increased in Tax Assessed value by 20% for residential or 10% for commercial. The maximum tax exemption is not to exceed 50% of the value of the improvements.