

# BB REVIEW

## Mississippi State and Local Tax Report April 2006

### What's Inside . . .

#### Page 1

*Introduction*

*Growth and Prosperity Act  
Incentives*

*Income Tax Provisions*

*Sales and Use Tax Provisions*

*Property Tax Provisions*

*Public Utility Provisions*

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### Introduction

The 2006 Regular Session of the Mississippi State Legislature has produced a number of pieces of state and local tax legislation. This newsletter provides a brief overview of some of the more important changes to state and local tax law in Mississippi passed during the 2006 Regular Session.

### Growth and Prosperity Act Incentives

The State of Mississippi has extended, until December 31, 2020, the exemptions from local county taxes and all state taxes granted under the Growth and Prosperity Act to businesses located in designated areas. In addition, counties now have until December 31, 2010, to apply to the Mississippi Development Authority for certification as a growth and prosperity county.

### Income Tax Provisions

Mississippi now provides an income tax credit for taxpayers who rehabilitate certain historic structures or structures those located in a historic district certified by the State of Mississippi Department of Archives and History. Senate Bill 3067 provides for a credit equal to 25% of rehabilitation costs for an owner-occupied dwelling (if such costs exceed \$5,000.00) and 50% of the total cost for rehabilitating other eligible properties. Any unused portion of the credit may be carried forward for 10 succeeding years. Under the provisions of the bill, partnerships, limited liability companies taxed as partnerships or multiple property owners are to pass on any tax credits granted to the partners, members or owners on a pro-rated basis or as they otherwise agree.

House Bill 745 extends the 50% income tax credit for employer-sponsored training programs until July 1, 2008. This income tax credit was previously set to expire on July 1, 2006.

Under Senate Bill 2652, the amount of investment in real or personal property required to qualify a taxpayer for the income tax credit on certain charges related to the export or import of

cargo at an airport has been reduced from \$5 million to \$2 million.

Pursuant to House Bill 1507, the income tax credit allowed telecommunications companies for the cost of equipment used in the deployment of broadband technologies has been extended to July 1, 2020. The credit applies to relevant Mississippi corporate income or franchise taxes and was previously set to expire July 1, 2013.

### Sales and Use Tax Provisions

House Bill 1625 exempts from the use tax certain jet aircraft engines temporarily brought into State of Mississippi for the purpose of research and/or testing at a jet aircraft engine research and testing facility.

Because of Senate Bill 3073, there is no longer a tax imposed on a person engaged in the business of mining, quarrying, drilling or otherwise producing (or causing the production of) minerals for sale.

### Property Tax Provisions

Under Senate Bill 2464, boards of supervisors and municipal authorities are now authorized to grant otherwise untimely requests for exemptions from ad valorem taxes on (1) additions to or expansions of facilities; or (2) property or replacement of equipment for certain enterprises.

### Public Utility Provisions

House Bill 1498 creates the Hurricane Katrina Electric Utility Customer Relief and Electric Utility Restoration Act. The Act establishes a mechanism by which the Mississippi Public Service Commission may certify an electric utility financing order and may issue general obligation bonds to pay for damage caused by Hurricane Katrina to electric utilities.

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