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Washington, Crudup, Ford (73rd), Foster,
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To: Ways and Means

HOUSE BILL NO. 1201

1 AN ACT TO REQUIRE THE SECRETARY OF STATE TO ESTABLISH A
2 PROGRAM TO PROVIDE AN INCOME TAX CREDIT FOR TAXPAYERS WHO DEVELOP
3 BLIGHTED PROPERTY IN MISSISSIPPI FOR THE PURPOSE OF PLACING THE
4 PROPERTY INTO USE EITHER AS AN OWNER-OCCUPIED DWELLING OR
5 COMMERCIAL BUILDING; TO CREATE AN APPLICATION PROCESS FOR
6 TAXPAYERS WHO DESIRE TO PARTICIPATE IN THE PROGRAM; TO AUTHORIZE A
7 REFUNDABLE INCOME TAX CREDIT FOR TAXPAYERS WHO INCUR COSTS FOR THE
8 DEVELOPMENT OF PROPERTY UNDER THIS ACT; TO ESTABLISH THE AMOUNT OF
9 THE TAX CREDIT; TO PROVIDE THAT IF THE AMOUNT OF THE TAX CREDIT
10 CLAIMED BY A TAXPAYER EXCEEDS THE AMOUNT OF INCOME TAX LIABILITY
11 OF THE TAXPAYER FOR A TAXABLE YEAR, THE TAXPAYER IS ELIGIBLE TO
12 CARRY THE EXCESS CREDIT FORWARD FOR TEN YEARS; TO REQUIRE THE
13 SECRETARY OF STATE TO ESTABLISH A PROGRAM TO PROVIDE INCENTIVE
14 PAYMENTS FOR DEVELOPERS TO DEVELOP BLIGHTED PROPERTY IN
15 MISSISSIPPI IN ORDER TO PLACE THE PROPERTY INTO USE AND INCREASE
16 THE VALUE OF THE PROPERTY; TO DEFINE CERTAIN TERMS; TO CREATE AN
17 APPLICATION PROCESS FOR DEVELOPERS WHO DESIRE TO PARTICIPATE IN
18 THE INCENTIVE PROGRAM; TO PROVIDE THAT WHEN PROPERTY IS DEVELOPED
19 ACCORDING TO A DEVELOPMENT PLAN AND PLACED INTO USE, THE MUNICIPAL
20 OR CHANCERY CLERK SHALL REMIT TO THE SECRETARY OF STATE CERTAIN
21 REVENUE DERIVED FROM THE APPLICABLE MUNICIPAL OR COUNTY AD VALOREM
22 TAX; TO REQUIRE THE SECRETARY OF STATE TO DEPOSIT THE REMITTED
23 AMOUNTS INTO A SPECIAL FUND AND EXPEND MONIES IN THE FUND, UPON
24 APPROPRIATION BY THE LEGISLATURE, TO PROVIDE INCENTIVE PAYMENTS TO
25 THE DEVELOPERS; TO PRESCRIBE THE AMOUNT OF THE INCENTIVE PAYMENTS
26 AND PERIOD OF TIME THAT INCENTIVE PAYMENTS WILL BE MADE TO
27 DEVELOPERS; AND FOR RELATED PURPOSES.

28 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MISSISSIPPI:



SECTION 1.

(1) As used in this section, the following words and phrases have the meanings ascribed in this subsection unless the context clearly requires otherwise:

(a) "Blighted" means a property located in Mississippi that is declared by the governing authorities of the municipality or county in which the property is located to be unsafe, due to the physical condition of the property, to an extent that the property is an economic burden on the community that cannot be expected to be reversed absent redevelopment. Blighted property includes, but is not limited to: buildings in which it is unsafe or unhealthy for persons to live or work; conditions that prevent or substantially hinder the viable use or capacity of buildings or lots; and depreciated or stagnant property value.

(b) "Eligible property" means property located in Mississippi that is tax forfeited property certified to the state, has been declared as blighted, and will be offered or used for residential or business purposes.

(c) "Department" means the Mississippi Secretary of State's Office.

(d) "Developer" means a person, firm, corporation, authority, partnership or other entity who constructs, repairs, renovates, and/or procures the construction, repair or renovation of property such as buildings and other facilities, but who was not the owner of the property when it was sold for taxes.



53 (2) (a) The department shall establish a program to provide
54 tax incentives for developers to develop eligible and blighted
55 property such as buildings and other facilities and to place that
56 developed property into use, either as an owner-occupied dwelling
57 or a commercial building.

58 (b) A developer desiring to participate in the
59 incentive program established under this section must submit an
60 application to the department. The application must contain a
61 development plan that provides a description of:

62 (i) The property to be developed that meets the
63 requirements of this program;

64 (ii) Evidence that the property has been declared
65 blighted;

66 (iii) The type of work the developer will perform
67 as part of development of the property and the purpose or purposes
68 for which the property will be placed into use after development;

69 (iv) The budget to perform the development; and

70 (v) Any other information requested by the
71 department.

72 (c) A taxpayer incurring costs and expenses for the
73 rehabilitation of eligible property is entitled to a rebate or
74 credit against the taxes imposed pursuant to this chapter in an
75 amount equal to twenty-five percent (25%) of the total costs and
76 expenses of rehabilitation incurred after January 1, 2026, subject
77 to the following conditions being met:



(i) The costs and expenses associated with rehabilitation exceed:

1. Fifty Thousand Dollars (\$50,000.00) in the case of an owner-occupied dwelling; or

2. One Hundred Thousand Dollars (\$100,000.00) for commercial structures; and

(ii) The actual rehabilitation expenses incurred in rehabilitating the building site are between eighty percent (80)% and one hundred twenty-five percent (125%) of the initial estimated expenses approved by the department.

(d) The department shall certify the credit or rebate authorized by this section for any eligible taxpayer once the following occur:

(i) The project receives final certification of completion by the department, within thirty-six (36) months of the project start date, certified by the department; and

(ii) The department confirms that the property is purchased by an owner/occupier that is not the developer in the case of a single-family dwelling or is sold or leased to a commercial tenant that is not the developer in the case of a commercial building.

(e) The department shall issue a certificate evidencing the date of the rebate or credit and amount of eligible rebate or credit if the taxpayer is found to be eligible for the tax rebate



or credit. The taxpayer shall attach the certificate to all income tax returns on which the credit is claimed.

(4) (a) (i) If the amount of the tax credit established by this section exceeds the total state income tax liability for the credit year, the amount that exceeds the total state income tax liability may be carried forward for the ten (10) succeeding tax years.

(ii) In lieu of claiming a tax credit, the taxpayer may elect to claim a rebate in the amount of seventy-five percent (75%) of the amount that would be eligible to claim as a credit. The election may be made at any time after the certification of the rebate. If the taxpayer has utilized a tax credit on an income tax return before making an election to claim a rebate, then the available rebate will be reduced by the amount of credit utilized. If claiming a credit instead of a rebate, the taxpayer shall claim the credit on the income tax return for the tax year for which the credit is certified.

(iii) Rebate requests must be submitted to the department on forms prescribed by the department. The department then will provide the taxpayer with a voucher for the approved amount. Within twelve (12) months of the issuance of the voucher by the department, the taxpayer may submit the voucher to the Department of Revenue to receive payment. Rebates shall be made from current tax collections.



(b) Credits granted to a partnership, a limited liability company taxed as a partnership or multiple owners of property shall be passed through to the partners, members or owners on a pro rata basis or pursuant to an executed agreement among the partners, members or owners documenting an alternative distribution method. Partners, members or other owners of a pass-through entity are not eligible to elect a refund of excess credit in lieu of a carryforward of the credit. However, a partnership or limited liability company taxed as a partnership may elect to claim a rebate at the entity level on a form prescribed by the department.

(5) (a) The department may not issue certificates evidencing the total eligible rebate or credit for all program participants which will result in rebates or credits being awarded under the program in excess of Two Million Dollars (\$2,000,000.00) in any one (1) calendar year.

(b) The date of the rebate or credit must be certified in the following order:

(i) The rebate or credit must be certified based on the date of project completion.

(ii) If the eligible rebate or credit exceeds the available limit in the year in which the project is completed, the rebate or credit must be certified based on the date the certification is issued by the department. The department shall issue the certification in the first calendar year in which the



requested rebate or credit would not exceed the calendar year limit.

(c) The aggregate amount of tax rebates or credits that may be awarded under this section may not exceed Ten Million Dollars (\$10,000,000.00).

(6) (a) The rebate or credit received by a taxpayer pursuant to this section is subject to recapture if:

(i) The property is not sold or otherwise put back into productive use with an owner/occupier that is not the developer in the case of a single-family dwelling or sold or leased to a commercial tenant that is not the developer in the case of a commercial building; or

(ii) The property is declared blighted by an appropriate governing authority within three (3) years of certification of completion.

(b) The taxpayer shall notify the department and the Department of Revenue if any of the situations that subject the credit to recapture occur.

(7) This section only applies to taxpayers:

(a) Who have been issued a certificate evidencing the eligible credit before December 31, 2030; or

(b) Who, before December 31, 2030, have received a determination in writing from the department that it meets the conditions of this program, or will meet the standards if certain



specified conditions are met, and who are issued a certificate evidencing the eligible credit on or after December 31, 2030.

SECTION 2. (1) As used in this section, the following words and phrases have the meanings ascribed in this subsection unless the context clearly requires otherwise:

(a) "Blighted" means a property located in Mississippi that is declared by the governing authorities of the municipality or county in which the property is located to be unsafe, due to the physical condition of the property, to an extent that the property is an economic burden on the community that cannot be expected to be reversed absent redevelopment. Blighted property includes, but is not limited to: buildings in which it is unsafe or unhealthy for persons to live or work; conditions that prevent or substantially hinder the viable use or capacity of buildings or lots; and depreciated or stagnant property value.

(b) "Clerk" means the municipal clerk or county chancery clerk, as the case may be.

(c) "Department" means the Mississippi Secretary of State's Office.

(d) "Developer" means any person, firm, corporation, authority, partnership or other entity who constructs, repairs, renovates, and/or procures the construction, repair, or renovation of property such as buildings and other facilities, but who was not the owner of the property when it was sold for taxes.



(e) "Eligible property" means tax forfeited property located in Mississippi that has been certified to the state, has been declared as blighted, and will be offered or used for residential or business purposes.

(f) "Tax Assessor" means the tax assessor of the county in which the eligible property is located.

(2) (a) The department shall establish a program to provide incentive payments for developers to develop eligible property such as buildings and other facilities and to place such developed property into use, which will increase the value of the property and promote economic development and the public interest.

(b) A developer desiring to participate in the incentive program established under this section must submit an application to the department. The application must contain a development plan that provides:

- (i) A description of:
1. The property to be developed;
 2. The purpose or purposes for which the property is being used at the time the application is submitted;
 3. Evidence that the property has been declared blighted;
 4. The type of work the developer will perform as part of development of the property, the purpose or purposes for which the property will be placed into use after development, and whether the development of such property will be



complete before being placed into use, or developed in phases and placed in use in phases before development is complete;

5. The budget to perform the development; and
(ii) Any other information requested by the department.

(c) The department shall review an application and determine whether the developer is eligible to participate in the incentive program. If the department approves the developer for participation in the program, the department shall issue a certificate of participation to the developer for the development plan. The department also shall provide a copy of the certification of participation and development plan to the clerk.

(d) After receipt of a certificate of participation and development plan under paragraph (c) of this subsection, the tax assessor shall certify the assessed value of the property to be developed under the development plan according to its most recently determined assessed value. For purposes of this section, the assessed value is the original assessed value of the property. Each year thereafter, the tax assessor shall certify the assessed value of the property described in the development plan, and for purposes of this section, this assessed value shall be known as the current assessed value of the property.

(3) (a) (i) Beginning with the first year that property in a development plan is developed and placed into use for which it is developed, whether completely or in phases, and subject to ad



valorem taxation based on such use, any amount by which the current assessed value of the property exceeds the original assessed value shall be known as the enhanced assessed value of the property for the purposes of this section.

(ii) For property in a development plan for which development is complete when the property is first placed into use after development, the tax assessor shall certify annually the amount of the enhanced assessed value of the property to the municipality and county for the first year that the property is placed into use and subject to ad valorem tax based on that use and for each of the next succeeding four (4) years. For each year of these years, the clerk shall remit annually to the department an amount equal to the revenue derived from the ad valorem tax levied for general fund purposes by the municipality or county, as the case may be, on the enhanced assessed value of the property.

(iii) For property in a development plan that is developed in phases and placed into use in phases:

1. a. The tax assessor shall certify annually the amount of the enhanced assessed value of the property to the municipality and county for the first year of those years that the property is placed into use and subject to ad valorem tax based on that use and for each of the next succeeding years that the property is developed and placed into use in phases until the development is complete and the property is placed into use for which it was developed; and



b. The clerk shall:

A. For the first year of the years described in subitem a of this item 1, remit to the department an amount equal to the revenue derived from the ad valorem tax levied for general fund purposes by the municipality or county, as the case may be, on the enhanced assessed value of the property for such year; and

B. For each year of the succeeding years after the first year described in subitem a of this item 1 through the first year after the development of the property is complete and the property is subject to ad valorem tax based on the use for which it was developed, remit to the department an amount equal to the revenue derived from the ad valorem tax levied for general fund purposes by the municipality or county, as the case may be, on the amount of any increase of the enhanced assessed value of the property for the applicable year from the enhanced assessed value of the property for the immediately preceding year.

2. After such property has completed development according to a development plan and has been placed into use for which it was developed, the tax assessor shall certify annually the amount of the enhanced assessed value of the property to the municipality and county for the first year that the property is placed into use and subject to ad valorem tax based on that use and for each of the next succeeding four (4)



299 years. For each of those years, the clerk shall remit annually to
300 the department an amount equal to the revenue derived from the ad
301 valorem tax levied by the municipality or county, as the case may
302 be, for general fund purposes on the enhanced assessed value of
303 the property.

304 (iv) The department shall deposit the funds
305 received from the clerk under this subsection (3) into the special
306 fund created in subsection (4) of this section.

307 (4) (a) There is created a special fund in the State
308 Treasury. The fund shall be maintained by the State Treasurer as
309 a separate and special fund, separate and apart from the General
310 Fund of the state. The fund shall consist of those monies
311 deposited under subsection (3) of this section and monies from any
312 other source designated for deposit into the fund. Monies in the
313 fund may be expended by the department, upon appropriation by the
314 Legislature, to provide incentive payments to developers as
315 authorized in this section. Unexpended amounts remaining in the
316 fund at the end of a fiscal year may not lapse into the State
317 General Fund, and any interest earned or investment earnings on
318 amounts in the fund must be deposited to the credit of the fund.

319 (b) The department shall allocate and distribute monies
320 in the special fund which are derived from payments made by a
321 clerk related to a certificate of approval for property that is
322 developed according to a development plan and placed into use



after development. The department shall use monies in the special fund for the purpose of making incentive payments as follows:

(i) For property that has completed development according to a plan and the property is purchased by an owner/occupier that is not the developer in the case of a single-family dwelling or is sold or leased to a commercial tenant that is not the developer in the case of a commercial building, the department shall disburse to the developer an incentive payment for an amount equal to the amount remitted to the department under subsection (3)(a)(ii) of this section in each year that the remittances are made, not to exceed an aggregate of twenty-five percent (25%) of the approved budget for the project.

(ii) For property that is developed according to a plan in phases and placed into use in phases:

1. The department shall disburse to the developer for each applicable year an amount equal to the amount remitted to the department under subsection (3)(a)(iii)1 of this section; and

2. After such property has completed development according to the plan and has been placed into use, the department shall deposit an amount equal to the amount remitted to the department under subsection (3)(a)(iii)2 of this section in each year that the remittances are made, not to exceed an aggregate of twenty-five percent (25%) of the approved budget for the project.



(5) The department shall have all powers necessary to implement and administer the program established under this section, and the department shall promulgate rules and regulations, in accordance with the Mississippi Administrative Procedures Law, necessary for the implementation of this section.

SECTION 3. Nothing in this act shall affect or defeat any claim, assessment, appeal, suit, right or cause of action for taxes due or accrued under the income tax laws before the date on which this act becomes effective, whether such claims, assessments, appeals, suits or actions have been begun before the date on which this act becomes effective or are begun thereafter; and the provisions of the income tax laws are expressly continued in full force, effect and operation for the purpose of the assessment, collection and enrollment of liens for any taxes due or accrued and the execution of any warrant under such laws before the date on which this act becomes effective, and for the imposition of any penalties, forfeitures or claims for failure to comply with such laws.

SECTION 4. Section 1 of this act shall take effect and be in force from and after January 1, 2025. The remaining sections of this act shall take effect and be in force from and after July 1, 2025.

