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To: Ways and Means

HOUSE BILL NO. 1201
(As Sent to Governor)

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

29 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 Department of Revenue.

(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.



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

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

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

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

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

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

(iv) The budget to perform the development; and

(v) Any other information requested by the secretary.

(c) A taxpayer incurring costs and expenses for the rehabilitation of eligible property is entitled to a rebate or credit against the taxes imposed pursuant to this chapter in an amount equal to twenty-five percent (25%) of the total costs and



79 expenses of rehabilitation incurred after January 1, 2026, subject
80 to the following conditions being met, as evidenced by
81 documentation submitted by the developer:

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

84 1. Fifty Thousand Dollars (\$50,000.00), for
85 an owner-occupied dwelling; or

86 2. One Hundred Thousand Dollars
87 (\$100,000.00), for a commercial structure;

88 (ii) The actual expenses incurred in
89 rehabilitating the building site are between eighty percent (80%)
90 and one hundred twenty-five percent (125%) of the initial
91 estimated expenses approved by the secretary;

92 (iii) The project costs were certified by a
93 licensed third party;

94 (iv) The project was completed within thirty-six
95 (36) months of the application submission; and

96 (v) The property was purchased by an
97 owner-occupant who is not the developer, in the case of a
98 single-family dwelling, or sold or leased to a commercial tenant
99 that is not the developer, in the case of a commercial building.

100 (d) The secretary shall issue a certificate evidencing
101 the date of the rebate or credit and amount of eligible rebate or
102 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.

(e) The department shall award the credit or rebate authorized by this section for any eligible taxpayer after it receives final certification of project completion by the secretary.

(3) (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 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.

(4) (a) The maximum aggregate amount of rebates and credits awarded under the program shall not exceed Two Million Dollars (\$2,000,000.00) in any one (1) calendar year.

(b) The department shall award the rebate or credit based on the date of project completion. However, if the eligible rebate or credit exceeds the available limit in the year in which the project is completed, the rebate or credit shall be awarded 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).

(5) (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 secretary and the department if any of the situations that subject the credit to recapture occur.

(6) This section applies only 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 secretary 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.



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

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 Department of Revenue.

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

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

(2) (a) The secretary, in conjunction with 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 secretary. 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;



224 3. Evidence that the property has been
225 declared blighted;

226 4. The type of work the developer will
227 perform as part of development of the property, the purpose or
228 purposes for which the property will be placed into use after
229 development, and whether the development of such property will be
230 complete before being placed into use, or developed in phases and
231 placed in use in phases before development is complete;

232 5. The budget to perform the development; and
233 (ii) Any other information requested by the
234 secretary.

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

242 (d) After receipt of a certificate of participation and
243 development plan under paragraph (c) of this subsection, the tax
244 assessor shall certify the assessed value of the property to be
245 developed under the development plan according to its most
246 recently determined assessed value. For purposes of this section,
247 the assessed value is the original assessed value of the property.
248 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) 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.

(b) 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 secretary 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.

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

(i) 1. 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

2. The clerk shall:

a. For the first year of the years described in item 1 of this subparagraph (i), remit to the secretary 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 item 1 of this subparagraph (i) 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 secretary 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.



298 (ii) After such property has completed development
299 according to a development plan and has been placed into use for
300 which it was developed, the tax assessor shall certify annually
301 the amount of the enhanced assessed value of the property to the
302 municipality and county for the first year that the property is
303 placed into use and subject to ad valorem tax based on that use
304 and for each of the next succeeding four (4) years. For each of
305 those years, the clerk shall remit annually to the secretary an
306 amount equal to the revenue derived from the ad valorem tax levied
307 by the municipality or county, as the case may be, for general
308 fund purposes on the enhanced assessed value of the property.

309 (d) The secretary shall deposit the funds received from
310 the clerk under this subsection (3) into the special fund created
311 in subsection (4) of this section.

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



General Fund, and any interest earned or investment earnings on amounts in the fund must be deposited to the credit of the fund.

(b) The secretary shall allocate and distribute monies in the special fund which are derived from payments made by a clerk related to a certificate of approval for property that is developed according to a development plan and placed into use after development. The secretary 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 secretary shall disburse to the developer an incentive payment for an amount equal to the amount remitted to the secretary under subsection (3) (b) 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 secretary shall disburse to the developer for each applicable year an amount equal to the amount remitted to the secretary under subsection (3) (c) (i) of this section; and



2. After such property has completed development according to the plan and has been placed into use, the secretary shall deposit an amount equal to the amount remitted to the secretary under subsection (3)(c)(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.

(5) The secretary and the department shall have all powers necessary to implement and administer the program established under this section, and the secretary 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.



371 **SECTION 4.** Section 1 of this act shall be codified in
372 Chapter 7, Title 27, Mississippi Code of 1972.

373 **SECTION 5.** Section 1 of this act shall take effect and be in
374 force from and after January 1, 2025. The remaining sections of
375 this act shall take effect and be in force from and after July 1,
376 2025.

