

## Growth and Prosperity (GAP) Program

The Growth and Prosperity (GAP) Program designates specific counties as GAP counties and provides income, franchise, sales and property tax incentives to companies that locate or expand in these areas of Mississippi. The program is designed to encourage development in economically challenged areas of the state.

To be designated as a GAP county, a county must have an unemployment rate that is 200 percent of the state's annual unemployment rate or must have 30 percent or more of its population below the federal poverty rate.

### **PROGRAM FACTS**

The following enterprises that create 10 or more jobs are eligible to participate under the GAP Program:

- Manufacturers, processors and companies that assemble, store, warehouse, service, distribute or sell any product or good, including agricultural products;
- Research and development enterprises, including, but not limited to, scientific laboratories; or
- Other businesses or industries that will further the public purposes of the GAP Act as determined on a case-by-case basis by MDA and that create a minimum of 10 jobs.

Retail or gaming businesses or electrical generation facilities are not eligible to participate in the GAP Program.

Eligible entities that locate or expand in a GAP area receive a series of tax incentives for a period of up to 10 years:

- A **full exemption on all state income and franchise taxes** related to the new location or expansion.

In instances where an expansion is approved for companies already subject to Mississippi income and franchise tax, an apportionment formula will be used to determine the percentage of Mississippi income and/or capital that is exempt through the GAP Program. This formula utilizes a property factor and a double-weighted payroll factor based on GAP property and payroll divided by the total company property and payroll. Specific calculation guidelines can be obtained from the Mississippi Department of Revenue.

- A **full sales and use tax exemption** on all equipment and machinery purchased during the initial construction or expansion at an approved facility.

This exemption is valid from the date that the project begins until three months after start-up. This exemption applies to the general 7 percent sales tax on component building materials, equipment and other assets purchased for the project, as well as the 1.5 percent sales tax on manufacturing machinery.

For commercial construction in Mississippi, there is a contractor's tax assessed on the construction of commercial real property that is calculated as 3.5 percent of the contractor's gross receipts from the construction. Contractor's tax has no exemptions, and the contractor is allowed to purchase all component building materials exempt from sales tax. Under the GAP Program sales and use tax exemption, component building materials can be purchased directly by the GAP-certified business. If these materials are not part of the construction contract, they are not subject to contractor's tax, and sales tax is not due on materials purchased by the GAP company. To qualify for the exemption, the materials must be purchased by, billed to and paid for directly by the eligible GAP-certified business. Contractor's tax will still apply to the labor portion of the construction contract.

- A **property tax exemption** on taxes levied on land, building, equipment and certain inventory at an approved facility in an approved GAP-designated area. This exemption does not include school taxes and that portion of the property tax utilized to pay for fire and police protection. If the company is eligible for a Free Port Warehouse exemption, it must be applied for separately.

### ***GAP-ELIGIBLE COUNTIES***

Adams, Bolivar, Claiborne, Coahoma, Holmes, Humphreys, Issaquena, Jefferson, Leflore, Noxubee, Oktibbeha, Quitman, Sharkey, Sunflower, Tallahatchie, Tunica, Washington and Yazoo

### ***COUNTIES WITH GAP-ELIGIBLE DISTRICTS***

Adams – District 4, Amite – Districts 2 and 3, Attala – District 4, Franklin – Districts 1 and 2 and Lowndes – District 4

Companies interested in GAP incentives must apply to and be certified by the Mississippi Development Authority, and an agreement must be entered into by the company prior to receiving these benefits. All tax incentives are administered by the Mississippi Department of Revenue and the County Tax Assessor.

To apply for the GAP Program, contact MDA's Financial Resources Division. For further details, see the Mississippi Tax Incentives, Exemptions, and Credits guidelines on the Mississippi Department of Revenue website at <https://www.dor.ms.gov/docs/2013IncentiveBook-pdffinal.pdf>.

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Contact the Mississippi Development Authority's Financial Resources Division  
at 601.359.3552 or [financial@mississippi.org](mailto:financial@mississippi.org) to learn more.