

## Other MS Tax Abatement Programs:

### Tax Abatements:

Section 17-21-5 of Mississippi Code grants “municipalities the authority to exempt from any or all *ad valorem taxes* excluding *ad valorem taxes* for school district purposes, for a period of not more than 7 years, any privately owned new structures and any renovations of an improvements to existing structures lying within designated central business district or historic preservation district...”

### Vicksburg:

- a. Minimum project investment shall be \$15,000 or 15% of value, whichever is greater
- b. 7 Years: converts unused or underutilized second/subsequent story to residential
- c. 7 Years: removes inappropriate features and replaces with historically appropriate
- d. 6 Years: increases property value by less than \$50,000
- e. 7 Years: increases property value by more than \$50,000

### Cleveland:

- a. Minimum project investment shall be \$35,000 or 35% of building value (value of property – value of land), whichever is greater
- b. 7 Years: converts unused or underutilized second/subsequent story to residential
- c. 7 Years: removes inappropriate features and replaces with historically appropriate
- d. 7 Years: new or renovation projects that increase the appraised value with limitation that any abatement shall apply only to the increase in assessed valued due to specified construction authorized in a-d.

### Natchez:

- a. \$20-29,000 : 3 years
- b. \$30-44,999: 4 years
- c. \$45- 64999: 5 years
- d. \$65 – 89,999: 6 years
- e. \$90,000 and above: 7 years
- 25% of minimum investment must be spent on the public facades of the building. Property acquisition costs are not eligible for the program.

### Oxford:

- a. 1<sup>st</sup> year: 100% abatement
- b. 2<sup>nd</sup> year: 75%
- c. 3<sup>rd</sup> year: 50%
- d. 4<sup>th</sup> year: 25%
- Total expenditure for City of Oxford is \$100,000/year on a first come, first serve basis
- Minimum of 15% of assessed value to qualify
- Only allowed on the original assessed value in year 1, not for possible future increased value

### Ocean Springs:

- a. Minimum investment of \$20,000
- b. Amount of tax exemption for any single property may not exceed \$250,000.
- c. Renovations and improvements to a building and new buildings may be granted a tax exemption for up to 7 years.

### Procedure:

1. Apply with Historic Preservation Commission for review along with Certificate of Appropriateness. Must be done pre-construction.
2. City Council Approval
3. City Clerk: one order with Chairman of State Tax Commission, Leflore County Tax Collector, State Auditor of Public Accounts.

### **Tax Abatement Proposal for Greenwood, MS:**

- A. Minimum investment of 45% of new appraised value by Leflore County Tax Assessor
- B. Commercial/Retail Property:
- a. Year One: 100%
  - b. Year Two: 100%
  - c. Year Three: 100%
  - d. Year Four: 50%
  - e. At end of fourth year, if building is fully occupied with a viable retail business, property owner is eligible for one additional year abatement at 25%
- C. Residential Property:
- a. Year One: 100%
  - b. Year Two: 100%
  - c. Year Three: 100%
  - d. Year Four: 50%
  - e. At the end of the fourth year, if building is fully leased, property owner is eligible for one additional year abatement at 25%
- D. Conditions:
- a. Property owner is eligible for the Residential Abatement if second/subsequent story is converted into residential
  - b. 25% of minimum investment must be spent on public façade of building
  - c. Abatement is based on most recent appraisal
  - d. Owner is eligible for one additional year of tax abatement at 25% for both residential and commercial properties if he/she incorporates at least 3 of the following green building standards based on Enterprise Green Communities Criteria:
    - 80% of installed, interior lighting fixtures must be ENERGY STAR qualified
    - Low/No VOC Paints & Primers (Flats 50g/L; Non-Flats 50g/L; Floor – 100 g/L) used
    - Provide one or more easily accessible, permanent areas for the collection and storage of materials for recycling by City of Greenwood
    - At least 25% of wood products and materials must be FSC-certified
    - Install all ENERGY STAR appliances (washer/dryer, refrigerator, dishwasher)



**Tax Abatement Example:**

(Based on an estimate of actual property value in Greenwood, MS)

**Appraised Property Value:** \$22, 851.00

**Assessed Amount:** \$3,427.00

**Current Property Tax:** \$560.93

Minimum Investment for Tax Abatement Eligibility at 45%: \$10,282.95

Minimum Investment for Tax Abatement Eligibility at 35%: \$4,085.20

Minimum Investment for Tax Abatement Eligibility at 25%: \$5,712.75

**Appraised Value after improvement:** \$100,000.00

**Assessed Amount:** \$15,000.00

**Property Tax after improvement:** \$2,455.22

**Year One Property Tax (100%):** \$843.45 (school tax only)

**Year Two Property Tax (100%):** \$843.45 (school tax only)

**Year Three Property Tax (100%):** \$843.45 (school tax only)

**Year Four Property Tax (50%):** \$1,227.61

**TOTAL INVESTMENT BY THE CITY:** \$6,062.92

Please note:

- The percentage of minimum investment can be varied. However, a lower minimum will give greater tax breaks to a minimum investment. We want to use the tax abatements to encourage serious revitalization investments into these buildings, therefore we recommend a greater percentage for minimum investment.
- The investment of the city will be minor compared to the new property and sales tax that will be generated through a revitalized building.

