

LEE COUNTY PLUS
Local Economic Development Incentive Plan
EXECUTIVE SUMMARY

PROPOSE

Manufacturing jobs are becoming more and more competitive. Lee County ranks first in the State of Mississippi in manufacturing jobs and is known for its quality workforce and pro-business climate. Building on this successful past to continue on our progress, Lee County created Lee County Plus, a local economic development incentive plan. Lee County Plus will create a new competitive advantage in creating more and better jobs in Lee County.

Over the past 10 years 70% of the new jobs created in Lee County have come from existing expanding industries. Most companies are unable to handle more than 15% growth, and this fast growth creates a major hurdle for our industries who are trying to grow their businesses globally rather than regionally. Understanding the importance of our existing industry and the challenges they are facing to remain competitive, the Lee County Board of Supervisors has made this strategic and proactive position that will give our existing industries a plus.

Lee County Plus adds to the State of Mississippi's "Advantage Mississippi Plan" by offering additional competitive advantages for new and expanding companies within Lee County that will separate Lee County from other communities across the southeast.

PROPERTY TAX EXEMPTION INCENTIVE

Industries are exempted from Lee County levied real and personal property taxes, including but not limited to, building, land, equipment, fixtures, raw goods, goods in process and finished goods for a period of ten (10) years.

This is formalizing an incentive tool that Lee County already uses to attract industries to Lee County.

Industries would apply to the Board of Supervisors for approval of the exemption and would provide evidence of economic impact.

Minimum guidelines would be a single calendar year capital investment of \$500,000 and/or at least 25 full-time jobs with wages exceeding 125% of the state average wage.

INTERNATIONAL TRADE ZONE ADVANTAGE

Currently 256 other communities across the US offer this advantage and Lee County's existing industries have to access these services through one of these communities such as Memphis, New Orleans or Jackson, Mississippi.

In summary our existing industries who are involved in international trade are penalized by the federal government because they do not manufacture their goods within a designated trade area and the industries have to pay additional cost for services rendered within the communities that are designated as a trade zone.

Trade zone benefits for our industries include:

- Pay lower federal tariff rates on imported goods
- Deferral of federal tariffs until shipped to customer
- No federal tariffs on re-exports
- No federal tariffs on scrap or waste of imported raw goods
- No personal property taxes on imported goods
- Reduction in federal administrative fees on trade transactions
- Direct delivery of imported goods

Through this reduction in production cost our existing industries can be more competitive and create more and better jobs in Lee County.

With this designation our industries would receive the same U.S. trade benefits that they could receive in Jacksonville, FL; Houston, TX; or Portland, OR.

Lee County would assume oversight and trade authority within the community and loose the portion of personal property taxes that would be considered as international commerce.

However, an extremely large amount of this personal property would be considered free port warehousing inventory.

FREE PORT WAREHOUSING INVENTORY TAX EXEMPTION

Last year, the Mississippi Legislature established the ability for counties to grant partial exemption of free port warehousing inventory. Under this legislation, Lee County has decided to adopt a partial exemption reduction plan that will eliminate free port warehousing inventory over a 10-year period.

Free port warehousing inventory is inventory produced or not produced in Mississippi that is in storage in transit to a final destination outside Mississippi.

This is an incentive that other communities have used against us in the past in recruiting new industries. The phasing out approach of free port inventory will insure no budget shortfalls within Lee County, while offering a great benefit to our existing industries.

Businesses would apply to the Board of Supervisors for the free port warehousing inventory exemption reduction plan. The year 2003 would serve as the base line of inventory value for the reduction plan. As businesses apply and are approved they would receive the current year's percent reduction of the 2003 inventory evaluation. Any approved free port warehousing inventory evaluation more than the 2003 inventory evaluation would be exempted.

Minimum guidelines for new qualifying "Free Port Warehouses" would be a single calendar year capital investment of \$500,000 and/or at least 25 full-time jobs with wages exceeding 125% of the state average wage.

CAPITAL INVESTMENT ADVANCEMENT

This advantage would allow new and expanding industries to access capital investment advancements that would be paid back to Lee County over a period of time. This will give new and expanding industry flexibility and an additional advantage of locating in Lee County.

Industries would apply to the Board of Supervisors for approval of the capital advancement and the Board would create capital advancements through the issuance of payments of a Public Improvement District or other legal financing mechanisms available to the County. The Supervisors and industry would agree to the amount, terms and time frame of the advancement arrangement. The industry would provide evidence of economic impact to Lee County.

Minimum guidelines would be a single calendar year capital investment of \$500,000 and/or at least 25 full-time jobs with wages exceeding 125% of the state average wage.

CLOSING STATEMENTS

The plan provides direct reduction in our industries' operating cost through tax exemptions and creates opportunities to reduce their cost in receiving, producing and inventorying their goods and services. This will create the ability to give our industries a new ability to grow and prosper.

It creates a new and broader incentive to our successful economic development past.