

AN ORDINANCE INCENTIVISING THE MAINTENANCE AND IMPROVEMENT OF PROPERTIES IN THE DOWNTOWN HISTORIC DISTRICT INCLUDING THE MILL DISTRICT

#384

HISTORIC DISTRICT CODES

WHEREAS, the Mayor and Board of Aldermen of the City of Quitman, Mississippi have a vested interest in property values, and wish to preserve our heritage of historical properties; and,

WHEREAS, the Mayor and Board of Aldermen of the City of Quitman, Mississippi wish to create incentives to attract business owners, investors, and developers to make improvements, construct new buildings and homes that add value to the existing Historic District; and,

WHEREAS, securing investment in a Historic District is challenging and requires incentives which shall be stated in this ordinance; and,

NOW, THEREFORE, BE IT ORDAINED BY THE MAYOR AND BOARD OF ALDERMEN OF THE CITY OF QUITMAN THAT:

SECTION I. SCOPE

The Mayor and Board of Aldermen may, in its discretion after proper applications, exempt from any or all municipal ad valorem taxes, excluding ad valorem taxes for school district purposes, for a period of not more than seven years, any new renovations of, and improvements to, existing structures and for certain new structures lying within the areas designated by the mayor and board of aldermen. The area included is designated as the Historic Downtown and Mill District including any property from a road beginning in this District joining a property of five (5) acres or more. Any such structures shall have been constructed, renovated, or improved pursuant to the requirements set forth in this ordinance. The intent is stopping deterioration of all commercial buildings and houses through lack of maintenance and care; and to create incentives that will attract homeowners, developers, businesses, and builders to return the Historic District to as close to its original condition as possible.

SECTION II. Ad Valorem (Property Tax) Abatement (Partial)

- For the construction of a new building or improvement of an existing property in the district (business or residential), the City of Quitman will exempt the property owner from taxes on the **increased assessed value** for up to seven (7) years.
- This can be used in conjunction with other incentives or credits.
- Contact the City of Quitman Mayor's Office or City Clerk at 601-776-3728

SECTION III. Rehabilitation of Historic Assets

- Any landmark, landmark site and property located within a historic district that has undergone approved restoration is eligible for partial tax abatement upon approval by the Historic Preservation Commission and the Board of Aldermen. The abatement is applicable to any increase in taxes that occurs resulting from the improvement project.

SECTION IV. Increment Financing (TIF) Bonds

- Both the City of Quitman and Clarke County governments may issue Tax Increment Financing.
- TIF bonds are bonds issued by a municipal or county government to pay a developer or property owner for infrastructure outlays made as part of a development or renovation.
- TIF can pay for anything typically constructed for/provided by a city (recreation/parks, parking, streets, landscaping, and infrastructure).

SECTION V. STATE ECONOMIC DEVELOPMENT INCENTIVES

- **State Historic 25% Tax Credit.**

The Mississippi Department of Archives and History is responsible for the administration of the program, which provides for a state income tax credit equal to 25% of the qualified expenses of rehabilitating historic structures used for residential or business purposes.

- Building must be listed individually in the National Register of Historic Places, be certified as a contributing property in a National Register-listed historic district or be designated a Mississippi Landmark.
- Help securing this listing is available from the Historic Preservation Commission or Mayor at 601-776-3728.
- Historic Project's rehabilitation expenditures must exceed \$5,000 or 50% of the total basis of the building.
- All work must meet the Secretary of the Interior's Standards for Rehabilitation.
- Only rehabilitation expenditures incurred after January 1, 2006, qualify.
- Not-for-profit entities are ineligible to receive the credits. Contact the Mississippi Department of Archives & History at 601-576-6940 for more information.

- **Sales and Tax Exemptions**

- Businesses that choose to construct or expand existing facilities in the Downtown area are eligible for a sales tax exemption for the component materials used in the construction or expansion of a building and machinery and equipment to be used therein. Adding production capacity which increases employment but does not physically expand the facility can also qualify for the exemption. Eligible enterprises include manufacturing facilities, processing facilities, technology intensive enterprises and data or information processing enterprises. Contact is the Mississippi Development Authority at 601-359-3552.

- **FEDERAL ECONOMIC DEVELOPMENT INCENTIVES**

- **Federal Historic 20% Tax Credit:**

- To be eligible for the 20% rehabilitation tax credit, a project must also meet the following basic tax requirements of the Internal Revenue Code:
 - The building must be depreciable-commercial or rental.
 - The property must be placed in service (i.e. returned to use). Furthermore, the owner must hold the building for five full years after completing the rehabilitation, or pay back the credit
 - The rehabilitation expenditures must exceed the greater of \$5,000 or the adjusted basis of the building.
 - The building must be a certified historic structure when it is placed in service. Contact the Mississippi Department of Archives & History at 601-576-6940 for more information.

- **Federal Historic 10% Tax Credit:**

- The 10% tax credit applies only to buildings rehabilitated for non-residential users. Contact the Mississippi Department of Archives & History at 601-576-6940.
- The credit applies for buildings built before 1936 and will be used for income producing purposes other than residential.
- The property must be depreciable-commercial.
- Rehabilitation must be substantial, meaning that the cost of the rehabilitation must exceed the greater of either \$5,000 or the adjusted basis of the property.

- **New Markets Tax Credits**

- The NMTC Program attracts investment capital to low-income communities by permitting individual and corporate investors to receive a tax credit against their Federal income tax return in exchange for making equity investments in specialized financial institutions called Community Development Entities (CDEs). The credit totals 39% of the original investment amount and is claimed over a period of seven (7) years (five percent for each of the first three years, and six percent for each of the remaining four years). The investment in the CDE cannot be redeemed before the end of the seven-year period.
- The program allows certain qualified Community Development Entities (CDE's) to compete for a certain allocation of tax credit amounts, which flow to investors who make Qualified Equity Investments (QEI's) in certain Qualified Low-Income Community Investments (QLICI's) administered by the CDE's ,
- [Southern Community Capital, LLC](#), is a Community Development Entity as certified through the CDFI Fund and is subsidiary of Trustmark National Bank. Call 601-208-6191 for more information.
- [Hope Enterprise Corporation](#) is extremely knowledgeable with the credits and was instrumental in starting the program in Mississippi. Call 601-944-4151 for more information.
- [MuniStrategies](#) has in depth experience of the credits. Contact Alan Lange at 601-914-5642 for more information.
- Legal Basis for 7 years tax abatement.
- ***2 (1) The governing authorities of any municipality of this state may, in their discretion, exempt from any or all municipal ad valorem taxes, excluding ad valorem taxes for school district purposes, for a period of not more than seven (7) years, any privately owned new structures and any new renovations of and improvements to existing structures lying within a designated central business district or historic preservation district or on a historic landmark site, as determined by the municipality, but only in the event such structures shall have been constructed, renovated or improved pursuant to the requirements of an approved project of the municipality for the development of the central business district and/or the preservation and revitalization of historic landmark sites or historic preservation districts. The tax exemption authorized herein may be granted only after Certificate of Appropriateness has been granted by the Historic Preservation Commission and written application has been made to the governing authorities of the municipality and county by any person, firm or corporation claiming the exemption, and an order passed by the governing**

authorities of such municipality finding that the construction, renovation or improvement of said property is for the promotion of business, commerce or industry in the designated central business district or for the promotion of historic preservation.

- ***2** Miss. Code Ann. Section 17-21-5 (2018) (emphasis added).

Terms or Policy:

1. **Increase in valuation means the assessed value at time or request from developer, builder, or investor as the base with any increase in assessed value to be abated for seven years.**
2. **Minimum investment to receive consideration \$20,000 in materials, infrastructure, and labor is the base. The assessed value of land and building at the starting time of the project is the base for consideration, and the increased valuation of a completed project is the amount considered for up to a seven-year tax abatement. School tax cannot be part of any abatement. Timing of the start of the abatement is defined by the Tax Collector and owner should consult that office.**