



Brownfield Redevelopment

Mississippi has a competitive redevelopment incentive to successfully entice private sector developers to cleanup and reuse brownfield sites through the Mississippi Economic Redevelopment Act (§ 57-91-1). This incentive can positively impact future economic development opportunities in both rural and urban communities across the State.



Mississippi Economic Redevelopment Act (§ 57-91-1)

What it does

Promotes redevelopment by providing an incentive to defray the remediation costs associated with cleaning up contaminated property. Counties and/or municipalities that contain properties with environmental contamination must first approve a remediation project area within its jurisdiction. After approval of the remediation plan by MDEQ and the project by MDA, all sales, income and franchise taxes collected from businesses located in the redevelopment project area would be deposited into a special fund that would be used to reimburse developers for approved cleanup costs. Reimbursement to developers would be made semi-annually for a period of up to 15 years, with a maximum distribution to the developer of two and a half times the allowable remediation cost.

Why it is important to Mississippians

With more than 2,000 idle, underutilized, or abandoned brownfield sites spanning every county in the State, the need for a private sector incentive to revitalize our communities is critical to battling blight and to providing a healthy environment for our citizens.

Economic and Environmental Benefits of Brownfield Redevelopment

Investment in Brownfields Leverages Private Investment and Creates Jobs: \$1 of public investment in brownfields leverages \$8 in total investment; \$10,000 to \$13,000 in public investments creates/retains one job.

Brownfield Redevelopment Revitalizes Neighborhoods As Measured by Adjacent Property Value Increases. Cleanup and redevelopment of brownfield properties lead to property value increases on the order of 5% to 15% for properties that are up to 3/4 mile from the site.

Public Investment in Brownfields Results in Direct Generation of Local Tax Revenue. Public investments in brownfields are generally recouped from local taxes generated by the project within about three years. A national survey found that redeveloping brownfields in just 105 surveyed cities could lead to \$2.2 billion in local tax revenue, annually.

Brownfields Redevelopment Has Lower Infrastructure Costs. The cost of providing infrastructure (roads, water, sewer, electricity, etc) to a greenfield site averages \$50,000 to \$60,000 per unit, compared to \$5,000 to \$10,000 per unit for a brownfield or greyfield site.

Urban Brownfields Redevelopment accommodates Growth without Sprawl. One acre of redeveloped brownfields saves 4.5 acres of farms and countryside from sprawl development due to higher density of development on brownfield sites and the elimination or reduction of the additional lands for associated infrastructure for greenfield development.

Economic and Environmental Benefits of Brownfield Redevelopment

- **Investment in Brownfields Leverages Private Investment and Creates Jobs:** \$1 of public investment in brownfields leverages \$8 in total investment; \$10,000 to \$13,000 in public investments creates/retains one job.¹
- **Brownfield Redevelopment Revitalizes Neighborhoods As Measured by Adjacent Property Value Increases.** Cleanup and redevelopment of brownfield properties lead to property value increases on the order of 5% to 15% for properties that are up to 3/4 mile from the site.²
- **Public Investment in Brownfields Results in Direct Generation of Local Tax Revenue.** Public investments in brownfields are generally recouped from local taxes generated by the project within about three years.³ A national survey found that redeveloping brownfields in just 105 surveyed cities could lead to \$2.2 billion in local tax revenue, annually.
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- **Urban Brownfields Redevelopment accommodates Growth without Sprawl.** One acre of redeveloped brownfields saves 4.5 acres of farms and countryside from sprawl development due to higher density of development on brownfield sites and the elimination or reduction of the additional lands for associated infrastructure for greenfield development.⁵
- **Brownfield Redevelopment Has Lower a Carbon Footprint and produces Air Quality and Greenhouse Gas Improvements.** A recent report released by Urban Land Institute (ULI) documents that compact urban development, as an alternative to sprawl, could reduce vehicle miles traveled (VMT) by 20 percent to 40 percent.⁶ Studies of brownfields projects indicate similar VMT savings.⁷ These reduced VMT's translate directly to emission reductions and greenhouse gas savings of a similar or greater magnitude. This is in part due to proximity to mass transit.
- **Brownfield Redevelopment has Water Quality Benefits/Less Run-off.** Brownfields development, because it tends to be higher density than alternative greenfields development, lowers run-off and improves water quality.⁸

¹ NorthEast-MidWest Institute Digest Report, *Brownfields Policy Research*, Volume 1, Number 3, August 15, 2008

² De Sousa, C. and C. Wu. "Assessing the Impact of Publicly Supported Brownfields Redevelopment on Surrounding Property Values." (In Progress)

³ De Sousa, C. 2006. "Unearthing the benefits of brownfield to green space projects: An examination of project use and quality of life impacts." *Local Environment* 11(5): 577-600.

⁴ Environmental and Energy Studies Institute and the Funders Network, "Energy and Smart Growth and Energy, it's about What and Where We Build."

⁵ George Washington University, see <http://www.gwu.edu/~eem/Brownfields/>

⁶ Urban Land Institute, Smart Growth America, the Center for Clean Air Policy, and the National Center for Smart Growth, "Growing Cooler, Evidence on Urban Development and Climate Change,"

<http://www.smartgrowthamerica.org/gcindex.html>

⁷ US Conference of Mayors, "Clean Air/Brownfields Report," December, 2001.

⁸ Lynn Richards, "Water and the Density Debate," Planning Magazine, June 2006, APA

http://www.epa.gov/smartgrowth/water_density.htm

MISSISSIPPI ECONOMIC REDEVELOPMENT ACT

GUIDELINES AND APPLICATION

The Mississippi Economic Redevelopment Act, administered by the Mississippi Development Authority (MDA) pursuant to Section 57-91-1, Mississippi Code of 1972, as Amended, is a program designed to encourage economic development on and around environmentally contaminated sites. To promote redevelopment, this act provides incentives to defray the remediation costs associated with cleaning up contaminated property.

Counties and/or municipalities that contain properties with environmental contamination may apply for approval for this incentive. Once MDA grants approval for the project, all sales, income, and franchise taxes collected from businesses located in the redevelopment project area will be deposited into a special fund that will be used to reimburse developers for approved cleanup costs.

Reimbursement to developers will be made semi-annually for a period of up to 15 years, with a maximum distribution to the developer of two and a half times the allowable remediation costs.

Eligible Projects

A redevelopment project is an undertaking that combines remediation of a contaminated site that has been (1) abandoned from a bankruptcy estate OR (2) a brownfield property that is subject to a Brownfield agreement under Section 49-35-11, Mississippi Code of 1972, as Amended, along with development of that site. This development may be any type of permanent business, with the exception of gaming establishments. Examples of approved business enterprises are:

- Manufacturing, processing, assembling, storing, warehousing, servicing, distributing, or selling any goods or products, including agricultural products;
- Retail sales of goods and services;
- Recreation and hospitality establishments, including hotels, restaurants, and sports facilities; or
- Other businesses as approved by MDA.

The redevelopment project area is a geographic location that is defined by resolution of the county or municipality. The project area should contain the contaminated site, along with any additional surrounding and adjacent land and/or waterfront to be included in the development. The project area cannot exceed 650 acres.

Eligible Counties and Municipalities

To qualify, counties and/or municipalities must meet all of the following conditions:

- The contaminated site must be located within a Mississippi county and/or municipality.
- The redevelopment project area must be established by resolution of the county or municipality. If a development project area falls wholly within a municipality, only the

Mississippi Development Authority
Financial Resources Division

municipality must apply to the Mississippi Development Authority for designation as a redevelopment county. If a redevelopment project is located in a municipality with a portion of the redevelopment area extending outside the municipality's jurisdiction, the area must be established by resolution by both the county and municipality, but the two may jointly apply to MDA for project approval.

- Application to MDA must be made within six months of Mississippi Department of Environmental Quality (MDEQ) approval, containing the following:
 1. MDEQ agreement that contamination exists, along with concurrence and involvement in the assessment and remediation plan.
 2. A copy of the bankruptcy court order in which the property has been abandoned from the bankruptcy estate due to the presence or potential presence of a hazardous substance, pollutant, or contaminant OR a copy of the Brownfield agreement
 3. Resolutions from the county and/or municipality setting forth the boundaries of the redevelopment area.
 4. The developer's agreement.
 5. Project overview including proposed financing, three-year pro forma statement, and development timeline.
 6. The estimated cost of remediation of the contaminated site.
 7. Any other information requested by MDA.

Upon approval, MDA will issue the county and/or municipality a certificate of public convenience and necessity.

State Tax Incentives

The Mississippi Economic Redevelopment Act provides for sales, income, and franchise taxes paid by the business entities operating on the redeveloped property to be distributed to the developer to defray remediation costs.

By statute, state taxes and fees are defined as:

- Any sales tax imposed on the sales or certain purchases by a business enterprise pursuant to law within a redevelopment project area;
- All Mississippi income tax pursuant to law on income earned by the approved business enterprise within a redevelopment project area; and
- All Mississippi franchise tax imposed pursuant to law on the value of capital used, invested, or employed by the approved business enterprise in a redevelopment project area.

In instances where the business enterprise does business in Mississippi both inside and outside the redevelopment area, the income and franchise tax will be prorated based on a formula determined by the Mississippi State Tax Commission.

Incentive Payments

MDA, with the assistance of the State Tax Commission, will determine the amount of state taxes and fees collected from the business enterprises located and operating within a redevelopment project area. These amounts, which are deposited in the Redevelopment Project Incentive Fund, will be used to reimburse the developer. Reimbursement payments will be made semiannually, in January and July of each year.

To receive any benefit, the developer must request payment of the incentive. These payments shall be made as follows:

- For the first six years in which payments are made, the developer will receive 100% of the funds deposited in the Redevelopment Project Incentive Fund;
- For the seventh year in which payments are made, the developer will receive 80% of the funds deposited in the Redevelopment Project Incentive Fund;
- For the eighth year in which payments are made, the developer will receive 70% of the funds deposited in the Redevelopment Project Incentive Fund;
- For the ninth year in which payments are made, the developer will receive 60% of the funds deposited in the Redevelopment Project Incentive Fund;
- For the tenth year in which payments are made, the developer will receive 50% of the funds deposited in the Redevelopment Project Incentive Fund;
- In no event shall the total reimbursement amount paid to a developer exceed two and one-half times the amount of the approved cost of remediation of the contaminated site. MDA and Mississippi Department of Environmental Quality will jointly determine the allowable remediation cost.
- Payments will be made for a maximum period of fifteen years from the date that is two years after the date that the redevelopment project is approved by MDA.
- The developer shall not distribute the proceeds of any incentive payment to a business enterprise.

Application Process

To receive this incentive, a county and/or municipality must apply to MDA for project certification within six months of MDEQ approval. Three copies of the application information must be submitted to begin the review process. The application must include the following:

1. MDEQ agreement that contamination exists, along with concurrence and involvement in the assessment and remediation plan.
2. A copy of the bankruptcy court order in which the property has been abandoned from the bankruptcy estate due to the presence or potential presence of a hazardous substance, pollutant, or contaminant OR a copy of the Brownfield agreement
3. Resolutions from the county and/or municipality setting forth the boundaries of the redevelopment area.

4. The developer's agreement.
5. Project overview including proposed financing, three-year pro forma statement, and development timeline.
6. The estimated cost of remediation of the contaminated site.
7. Any other information requested by MDA.

Application Approval

Upon approval, a Mississippi Economic Redevelopment Act Certificate will be issued to the county and/or municipality. The certificate will include:

1. The maximum reimbursement amount. This value will be set at two and one-half times the approved remediation costs.
2. The boundaries of the redevelopment project area.
3. The date which MDA will cease making payments.
4. The developer that is eligible to receive the incentive.

Administration of Benefits

The Mississippi Development Authority will notify the Mississippi Department of Revenue of the approved project through the issuance of the Mississippi Redevelopment Act Certificate.

Within three (3) months after the completion of the remediation, the developer must document the actual cost of clean-up activities through a certification (Completion Certificate) of such costs by an independent certified public accountant acceptable to the MDA. The completion date of the remediation must be within 24 months following the Mississippi Redevelopment Act certificate date, unless an extension is granted.

Once redevelopment business entities begin remitting taxes, the developer must provide the Mississippi Development Authority with the Federal Employer Identification Number (FEIN) and Sales Tax Number of each business in the redevelopment area. Upon notification by the Mississippi Development Authority, the State Tax Commission will deposit eligible state taxes and fees collected from these business enterprises into a special fund known as the Mississippi Redevelopment Act Fund.

The developer must request payment of the incentive. The MDA will make incentive payments to an approved participant on a semiannual basis, with payments being made in January and July. Payments will be made to the developer until the maximum payout is made, or the fifteen-year time limit is reached.

Program Guideline and Amendments and Waivers

These guidelines may be amended by MDA at any time. MDA, at its discretion, may temporarily waive any requirement of these guidelines to the extent that the result of such waiver is to promote the public purpose of the act and is not prohibited by State laws.

Additional Information

Additional information with respect to the program and these program guidelines and application may be obtained by contacting:

Mississippi Development Authority
Mississippi Economic Redevelopment Act
Financial Resources Division
Post Office Box 849
Jackson, Mississippi 39205
(601) 359-3552

Mississippi Development Authority
Financial Resources Division