



DOING BUSINESS IN MISSISSIPPI

FDI RESOURCE GUIDE

DOING BUSINESS IN MISSISSIPPI

Mississippi boasts a business-friendly environment, where we do what is necessary to help companies increase speed to market, limit risk, and increase profitability. As a foreign company, it can be intimidating to enter a new market, but we are here to help.

This document provides guidance on doing business in the state of Mississippi.



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01 | GEOGRAPHY

Mississippi is located in the southeastern region of the United States and is bordered by the states of Alabama, Tennessee, Arkansas, Louisiana, the Mississippi River, and the Gulf of Mexico.

Centrally located between the East and West Coasts, Mississippi provides easy access to major U.S. markets, including Mobile, New Orleans, Dallas, Atlanta, Nashville, Houston, St. Louis, and Memphis - a United States distribution hub.

Like most states in the United States, Mississippi is divided into administrative subdivisions called counties. There are 82 counties in Mississippi, each comprised of multiple cities or municipalities. The state capital is the city of Jackson, located in Hinds County.

Distance from Jackson, Mississippi, to Major U.S. Markets

City	Distance (km)
New Orleans, Louisiana	300
Mobile, Alabama	304
Atlanta, Georgia	613
Dallas, Texas	646
Nashville, Tennessee	668
Houston, Texas	709
Chicago, Illinois	1,190
Detroit, Michigan	1,520



02 | INFRASTRUCTURE

ROADS

The primary mode of transportation in Mississippi is the automobile. Because of this, the state has well maintained and efficient roadways, including nine interstate highways, and 14 main U.S. highway routes. Most highways are divided, four-lane roadways with limited traffic stops. Commuting distances of approximately 40 miles (64 km) are common throughout the state.

RAIL

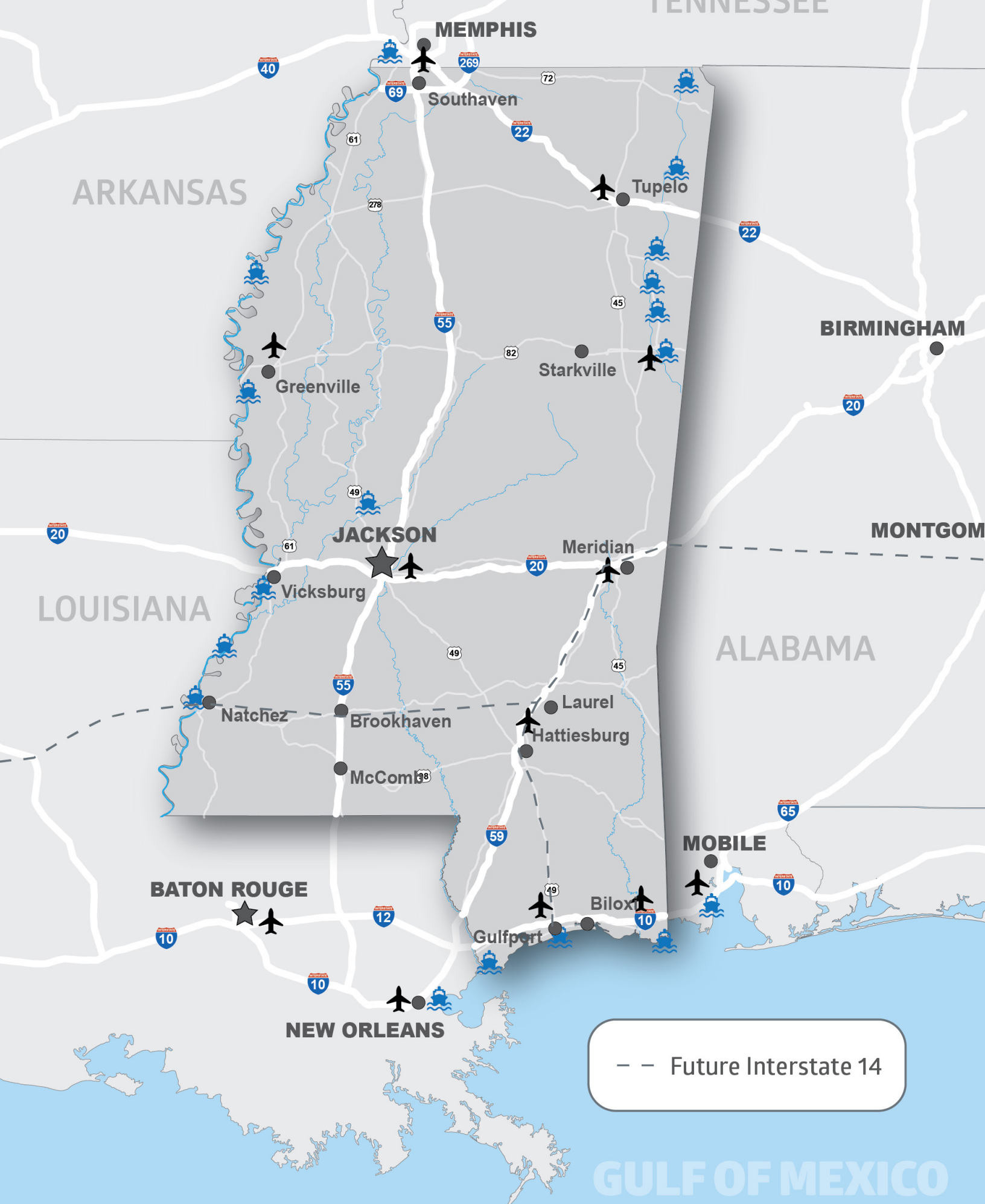
Thirty rail systems serve Mississippi with more than 2,500 miles of track. Comprehensive rail services include carload, trailer on flat car, container on flat car, and mini-bridge shipments. The merger of the Canadian National and Illinois Central railroads and a long-term marketing alliance with CPKC created an efficient new rail link all along the NAFTA corridor, greatly increasing rail service and access in Mississippi. The agreements link together almost 25,000 miles of track stretching from both coasts of Canada through the central United States to the Gulf Coast, Texas, and Mexico.

AIRPORTS

Six commercial airports, two of which are international airports, are located in the state. New Orleans and Memphis International airports are easily accessible. Mississippi has a total of 76 publicly-owned and four privately-owned airports that provide facilities for aircraft used by individuals, industry and private operators.

PORTS

The state is surrounded by three navigable waterways: the Mississippi River to the west, the Tennessee-Tombigbee Waterway to the east, and the Gulf of Mexico to the south. These nearly 800 miles of commercially navigable waterways provide access to national and international markets. Two deep water ports are in the state, and the Ports of New Orleans, Memphis, and Mobile are easily accessible.



-- Future Interstate 14

03 | LEGAL

Incorporation of a company in the United States is administered at the state level. In Mississippi, this involves filing a Certificate of Formation (LLC) or Articles of Incorporation (corporation) with the Secretary of State's office. This process can be done online through the Mississippi Secretary of State's website. Companies may find it helpful to contract with a U.S. based legal firm to assist with incorporation and the following items.

✓ Obtain a federal tax Employee ID Number

This is obtained from the U.S. Internal Revenue Service and is needed for opening bank account(s) and federal taxation. Apply for free through the Internal Revenue Service's website.

✓ Register with the Mississippi Department of Revenue

This is needed for federal and state taxation, incentives, and tax abatements.

✓ Register with the Mississippi Department of Employment Security

This is needed for paying unemployment insurance tax, registering for unemployment insurance, recruiting employees, and job training assistance.

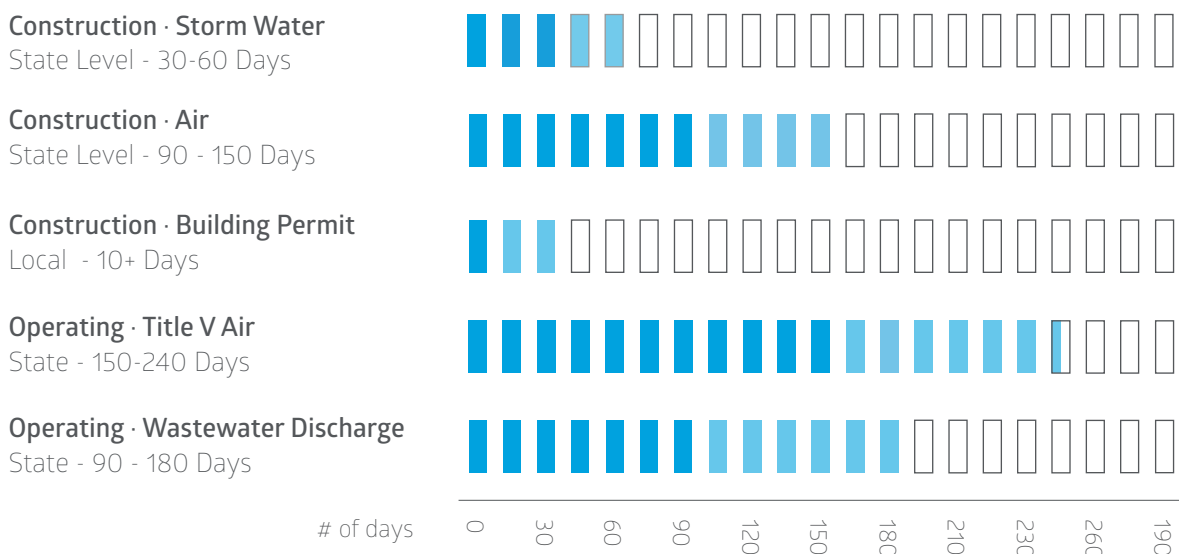


04 | PERMITTING

The Mississippi Department of Environmental Quality (MDEQ) is the primary agency responsible for environmental permitting within the State of Mississippi. MDEQ does not charge application/permit fees for most air, water, and waste permitting, with the exception of water withdrawal permit applications which have a \$10 fee to process. MDEQ does not have a formal method to expedite permit actions. However, MDEQ does prioritize new construction and works with the Mississippi Development Authority (MDA), the state's lead economic development agency, and applicants to streamline the permitting process.

Permits that are typically needed to commence construction include an Air Construction Permit, a Construction Stormwater Permit, and a Section 401 Water Quality Certification (if a federal 404 Permit is needed.)

Common Permits Required*



* This is not a comprehensive list of permits required. Permits vary depending on the type of operation.

05 | TAXATION

Corporate taxes in Mississippi fall into five basic tax types.



CORPORATE INCOME

In Mississippi, corporate income is subject to a state income tax. Corporate income tax is an assessment levied by the government on the profits of a company.



FRANCHISE

Currently, most corporations engaged in business in Mississippi are subject to franchise tax, a tax assessed on a company's capital value. The franchise tax will be phased out by 2028, after which companies will pay a \$25 annual fee.



LOCAL PROPERTY

Counties and municipalities levy a property tax on real and tangible personal property in Mississippi.



SALES AND USE

All tangible personal property sold within the state is considered taxable unless specifically exempted or assigned a reduced rate by state law. Similarly, companies doing business in Mississippi that bring tangible personal property into the state are required to pay use tax on that property.



UNEMPLOYMENT INSURANCE

Mississippi requires employers to pay state unemployment insurance tax each year. This tax is part of a national program that provides temporary payments to individuals unemployed through no fault of their own.



GERMANY

Feuer Powertrain, a manufacturer of crankshafts for the automotive industry, chose Tunica, Mississippi, to build their first ever production facility in North America .

CORPORATE INCOME TAX

There is no local income tax in Mississippi; therefore, only state income tax is collected. Unless a company is taxable in another state, Mississippi corporate income tax is based on the company's net taxable income.

Income Tax Rates	0%	4%	5%
	on the first \$3,000 of taxable income	on the next \$5,000 of taxable income	on the remaining taxable income in excess of \$10,000

For multi-state corporations, income tax is calculated by determining the amount of Mississippi-to-total-company ratio in terms of net business income.

For manufacturers, income tax is apportioned using a three-factored approach based on property, payroll and sales in Mississippi versus everywhere. After the apportioned net taxable income is calculated, additional non-business income attributable to Mississippi is added to the calculated amount to arrive at the Mississippi net taxable income. Eligible projects may receive a 10-year abatement on this tax.

FRANCHISE TAX

A tax assessed on the company's capital value apportioned to the Mississippi location(s). The capital value is calculated based on capital stock, paid-in capital, surplus and retained earnings including deferred taxes, deferred gains, deferred income, contingent liabilities, and other true reserves. The franchise tax rate is \$1.00 per \$1,000 of capital invested in Mississippi.

Franchise Tax Rate	\$1.00 PER \$1,000
	of capital invested in Mississippi

Beginning in 2018, the tax rate dropped by \$0.25, and will continue to each year until the tax is eliminated in 2028. From 2028 onward, businesses will pay only \$25.00 in franchise tax each year.



Legislation was passed in 2016 that will fully phase out Mississippi's corporate franchise tax by 2028. From 2028 onward, businesses will pay only \$25.00 in franchise tax each year.



Legislation was passed in 2018 that further reduces property taxes for eligible investments.

LOCAL PROPERTY TAX

There is no state property tax in Mississippi. Property tax on real and tangible personal property is collected at the local level. Each city and/or county sets its taxation rate. To calculate estimated property tax, multiply the assessed value of the property by the taxation rate. Eligible projects may receive full or partial exemptions of this tax.

Property Assessed at	15% of true value
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SALES AND USE TAX

All tangible personal property sold within the state, or brought into the state for use, is considered taxable unless specifically exempted or assigned a reduced rate by state law. To calculate the amount of tax owed, multiply the rate by the price of the good or service. Eligible projects may receive full or partial exemptions of this tax.

Sales and Use Tax Rates	Standard goods and services	7%
	Manufacturing equipment and machinery	1.5%
	Electricity and fuel used in the manufacturing process	EXEMPT
	Manufacturers' raw materials	EXEMPT
	Non-production manufacturing equipment and machinery	7%
	Water and sewer for commercial or industrial use	7%
	Telecommunications	7%
	Pollution Control Equipment	EXEMPT



Sofidel America, a global leader in the field of sanitary and domestic paper production, chose Hattiesburg, Mississippi for a new converting plant.

UNEMPLOYMENT INSURANCE TAX

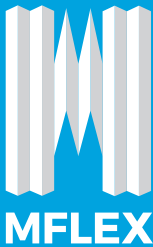
Mississippi levies an unemployment compensation tax on the first \$14,000 of wages paid to each employee each calendar year. This tax is part of a national program that provides temporary payments to individuals unemployed through no fault of their own.

The total unemployment compensation tax rate for a start-up business in Mississippi is 1.00 percent the first year of liability, 1.10 percent the second year of liability, and 1.20 percent the third and subsequent years of liability until the employer is eligible for a modified rate. If a company acquires a business that is already liable for unemployment taxes in Mississippi, the company may be immediately eligible for a modified tax rate.

Unemployment Compensation Tax Rate	1.00% first year of liability	1.10% second year of liability	1.20% third and subsequent years of liability
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MISSISSIPPI FLEXIBLE TAX INCENTIVE (MFLEX)

Mississippi’s new tax incentive, the Mississippi Flexible Tax Incentive (MFLEX), is a streamlined **universal tax credit** that may be used to offset a company’s Mississippi state tax liabilities.



MFLEX is designed to better meet the needs of new and expanding businesses by offering more flexibility than the state’s current tax incentive offerings, and businesses applying for MFLEX will appreciate the simplicity of the application process. MFLEX eliminates the need for multiple applications for incentive programs, and it provides greater transparency to companies and state stakeholders regarding the value of credits awarded.

Eligibility | Businesses creating at least **10 new jobs** and/or investing at least **\$2,500,000** in the state can qualify.

Eligible Industries include:

- » Manufacturers
- » Warehouse and/or distribution businesses
- » Research & development facilities
- » Regional or national headquarters
- » Data centers
- » Data & information processing centers
- » Technology-intensive enterprises
- » Telecommunications enterprises
- » Air transportation and/or maintenance facilities

06 | Operating Costs

In 2023, CNBC ranked Mississippi among the states with the Lowest Cost of Doing Business in the U.S. Competitive, yet affordable wages combined with a business-friendly tax climate create an extremely low-cost operating environment.

RANKED #9
LOWEST COST OF
LIVING IN THE U.S.
(CNBC, 2019)

Average Employer Cost Per Hour Worked - Private Industry

	Cost Per Hour	Percent of Total Compensation
Total Compensation	\$36.65	100%
Wages & Salaries	\$26.59	73%
Total Benefits <small>(Including but not limited to: paid leave, supplemental pay, healthcare insurance, retirement, workers' comp, social security)</small>	\$10.06	29%

Source: Bureau of Labor Statistics (East South Central region includes: Mississippi, Alabama, Kentucky, and Tennessee), Sept. 2023.

Commonly Required Insurance Coverage

- ✓ **Commercial Liability Insurance** - Provides defense and damages if employees or products cause bodily injury or property damage to a third party.
- ✓ **Property Insurance** - Protects against events such as fire, theft, vandalism, smoke damage, etc.
- ✓ **Workers Compensation Insurance** - Provides insurance to employees who are injured on the job, and is required by Mississippi law. The cost of the plan depends on several factors including payroll and the type of industry.

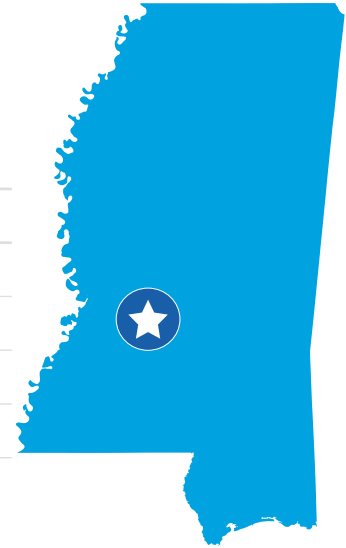
Average Retail Price of Industrial Electricity (cents per kilowatt-hour)

U.S. = \$0.0832 Mississippi = \$0.0671

Source: EIA, 2022

07 | Data

Governor	Tate Reeves (R)
Capital ★	Jackson, Miss.
Number of Counties	82
Land Area	48,430 mi ² (125,433 km ²)
Coastline	44 miles (70 km)
Time Zone	Central



2,964,164
2023 Population



87.6%
High School Graduate or Higher



1,331,967
Labor Force
Participation



\$50,633
Median household Income



2.6% (Dec. 2023)
Unemployment Rate



\$47,946 (2023 Q4)
Average Annual Wage

\$138.7 Billion
Gross Domestic Product

The largest contributing sector, Manufacturing, contributed 16.5% to the 2022 Gross Domestic Product (GDP) of the state.

Largest Industry Clusters



Wood/
Paper



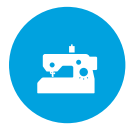
Food
Mfg



Coal/Oil/
Power



Auto/Auto
Related



Textile/
Leather

Sources: ESRI Business Analyst and JobsEQ, 2021

Mississippi
Weather
Statistics

18°C/69° F **57.2 in.** **.7 in.**

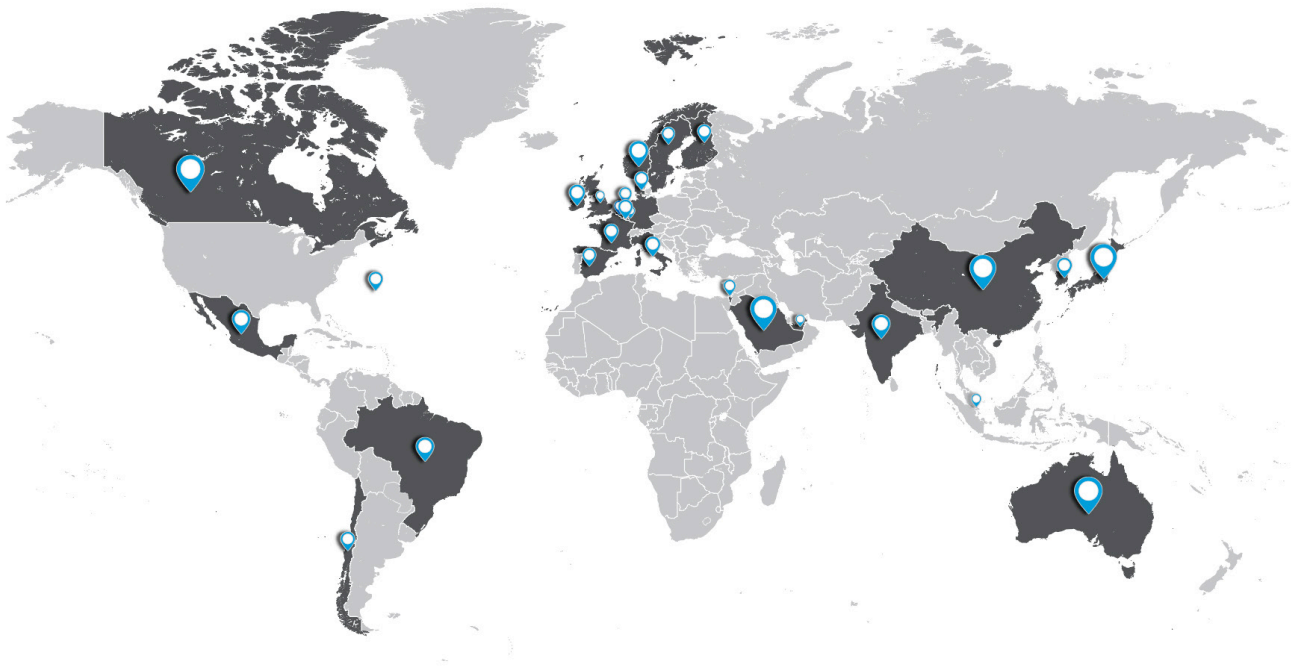
Average Temperature Average Rainfall Average Snowfall



08 | International Directory

The International Directory is a list of companies with a manufacturing focused investment in Mississippi with ownership located outside of the United States. This directory was created from information collected from multiple sources, including company announcements, Hoover's Business Directory, and the Mississippi Development Authority Internal Manufacturing Database.

When using this directory, please note some businesses are constantly changing ownership and the location information is subject to change and can vary by source.





25%

INCREASE IN FDI EMPLOYMENT
IN MS FROM 2013-2018

46k+

EMPLOYED BY FOREIGN-
OWNED COMPANIES

5.1%

FDI AS A % OF TOTAL
EMPLOYMENT IN MS

475

INTERNATIONAL
EMPLOYERS THAT HAVE
OPERATIONS IN MS

50K

JOB'S SUPPORTED
BY MS EXPORTS

CANADA

LARGEST TRADING PARTNER
WITH \$2.6B IN GOODS
EXPORTED IN 2022

JAPAN

COUNTRY WITH HIGHEST
FDI EMPLOYMENT

AUTOMOTIVE

INDUSTRY WITH HIGHEST
FDI EMPLOYMENT (15,000+)

Source: Global Business Alliance, 2021 U.S International Trade Administration, 2022

09 | Contact

Cooperative Energy, headquartered in Hattiesburg, Mississippi, serves as the state's only not-for-profit wholesale electric power provider. In this role, Cooperative Energy generates and transmits electricity for 11 Member distribution systems located in the southern and western areas of the state. Cooperative Energy and these 11 distribution systems, collectively known as the Power of 12, provide power to more than 432,000 homes and businesses across the state, ultimately serving more than one million Mississippians.

At Cooperative Energy, we are committed to Economic Development as one important way of improving the communities we serve. By partnering with local, regional, and state organizations, we are helping to create opportunities that make life better from the Delta to the Coast.

Our Team



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ECONOMIC
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