

MISSISSIPPI COMMERCIAL  
REVITALIZATION  
AGENCY

COMMERCIAL REVITALIZATION  
DEDUCTION ALLOCATION  
PLAN

## I. Overview

The Mississippi Development Authority (the "MDA"), as the designated Commercial Revitalization Agency (the "CRA") of the State of Mississippi (the "State"), in its sole discretion, shall allocate the Renewal Community ("RC") tax incentive known as the Commercial Revitalization Deduction (the "CRD"). The State is to receive \$12,000,000.00 in authority per year for calendar year 2002 through 2009 to award in this program.

The State shall allocate the deductions based on this CRA Allocation Plan (the "Plan"):

## II. Application Process.

2.1. The State, acting through the CRA, will receive applications for CRD allocations (each such application being hereinafter referred to as an "Application"). The CRA will receive Applications for calendar years 2002 and 2003 CRD allocations at any time during the remainder of 2002. Commencing January 1, 2003, (a) all Applications received will pertain to CRD allocations for the next succeeding year (for instance, Applications received during 2003 will be for 2004 CRD allocations); and (b) all Applications will be required to be submitted in accordance with an application cycle to be established annually by the CRA; provided, however, that such application cycle shall close no later than March 31 of each year.<sup>1</sup> In the event that all of the allocation is not awarded during a given cycle, the CRA may make awards up to the calendar year end that the cycle represents.

2.2 The Application must be submitted in the form prescribed by the CRA and should include all supporting documentation including, but not limited to, verification of funds used to pay for the building, photographs of the Building site, an architect's plans and specifications of the Building to be placed in service, and a certification (signed by an officer of the company under penalties of perjury) stating the date on which the building will be placed in service.<sup>2</sup>

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<sup>1</sup> 26 U.S.C Section 1400I requires that allocations of the Commercial Revitalization Deduction be made at the same time and in the same manner as the State allocates low income housing tax credits under 26 U.S.C. Section 42(h)(1) and (7). In Mississippi, such low income housing tax credits are generally allocated on a 30 day cycle during the months of February and March of each year.

<sup>2</sup> The term "placed in service" will be interpreted by the CRA in a manner consistent with the applicable provisions of the Internal Revenue Code.

2.3. The maximum amount that may be awarded to any one qualified revitalization building (a "Building") shall be \$10,000,000.00.

2.4. Written authorization to claim a CRD allocation shall be made by the close of the calendar year in which the building was placed in service (except as provided in Internal Revenue Code section 42(h)(1)).

### III. Selection Criteria.

3.1. Recognizing that the Mississippi Rural Renewal Community (the "MRRC") covers a large and diverse area of the State, the CRA shall consider the local area's needs and priorities when considering an award.

3.2. When awarding a CRD, the CRA will consider the following:

- (a) The degree to which the Building contributes to the implementation of the Course of Action devised for the MRRC, a copy of which shall be provided to each investing business applying for a CRD allocation (hereinafter referred to as an "Applicant");
- (b) The amount of any increase in permanent, full-time employment resulting from the Building;
- (c) The active involvement of residents and community-based organizations from the area where the Building is located;
- (d) The financial investment of the Applicant; and
- (e) The financial investment of units of local government.

### IV. Review Process.

4.1. The Application will be prepared by the Applicant.

4.2. For an Application to be complete, all questions must be filled out, original signatures provided, requested supporting materials provided, and the original and two copies of the Application and all supporting materials must be submitted to the CRA, accompanied by an application fee in the amount of \$500, payable to the Mississippi Development Authority.

4.3. The CRA staff will review and score the Application for technical completeness, eligibility to receive the CRD, and conformity with the selection criteria as set forth in Section 3 of this Plan. The

results of the CRA staff review are entered onto the Renewal Community Evaluation and Scoring Sheet.

4.4. Once the CRA personnel have reviewed and scored all of the Applications submitted, the completed Applications, with staff recommendations, will be forwarded to the Executive Director of MDA for final approval or disapproval.

4.5. The MDA Executive Director, as the chief executive officer of the approving body for the CRD allocations, approves or disapproves each Application.

V. Notification.

5.1. After the CRA has concluded its selection process, but before final approval of the allocation, the CRA shall notify by certified mail the chief executive officer (or its equivalent) of the local jurisdiction within which each selected Building is located of such selection and provide such individual a reasonable opportunity to comment on the selection. Final approval of the allocation shall occur after conclusion of such period of comment.

5.2. All Applicants will be notified in writing of the results of allocation decisions, within thirty (30) days following final determination.

VI. Monitoring.

6.1. After an Applicant has been authorized to utilize a CRD (such Applicant being hereinafter referred to as a "Recipient"), the Recipient will provide a Certificate of Occupancy to the CRA to demonstrate when the property has been placed in service. The CRA will provide written authorization to claim the CRD on the tax return of the Recipient in or starting the year the Building is placed in service, in the manner that the Recipient chooses (either a 50% one-time deduction, or a 100% deduction pro rated over 10 years). The Recipient shall be responsible for remaining in compliance with all applicable requirements pertaining to the CRD, throughout the life of the CRD claim or for a period of two years, whichever is longer.

6.2. The CRA will monitor the transmittal of the deduction to the Recipient, and the subsequent compliance of the Recipient with applicable legal and IRS requirements. These include, but may not be limited to maintenance of all commitments established pursuant to Section 3.2 of this Plan. Such compliance may be demonstrated by annual or more frequent certification statements or other documentation required to be provided by the Recipient, when requested by the CRA. An annual fee to monitor compliance with the program will be paid to MDA, which fee shall be computed at the rate of \$25 per each hour of staff time incurred by the CRA.

6.3. As part of the monitoring process, employment figures of and salaries paid by the Recipient may be verified periodically by the CRA. Employment status will be monitored for a minimum period

of two years, or the course of the life of the CRD claim, whichever is longer. Both the CRD allocated to a Recipient and the Recipient's tax returns will be monitored by the IRS for the life of the CRD claim.

6.4 In the event that a Recipient is determined at any time not to be in compliance with this Plan or any applicable law or regulation pertaining to the CRD, the CRA shall comply with any and all reporting or other requirements of the IRS and may take such other and further actions authorized by law.

## VII. Miscellaneous.

7.1. This Plan and any subsequent changes, additions, clarifications, requirements, and assurances issued by the State of Mississippi, the CRA, HUD, or IRS shall govern the operation of this Plan. In any question of interpretation of any rule, requirement, or regulation, the CRA's decision shall be final.

7.2. During the review of all Applications for CRD allocations, the CRA reserves the right to adjust the amount of the request. The adjustment will be based on verification of reasonable costs and availability of authority.

7.3. Upon receipt of written justification, the CRA reserves the right to waive and/or modify any requirement that is not federally mandated on a case-by-case basis.