Agencies Involved in Evaluating Tax Incentives

- Mississippi Development Authority
- University Research Center (a division of MS Institutions of Higher Learning)
- Mississippi Department of Revenue
- State Auditor's Office
A little about the ACE fund

- Passed the legislature in 2000
- Mississippi Development Authority works with local sponsors to help identify business that need/qualify for the grant
- Often given to new businesses, but sometimes given to existing business who need the assistance to grow
- If businesses do not meet the stated employment and/or investment goals, the grant becomes a loan and must be repaid
How URC evaluates this incentive?

- We send a list of items that we need to MDA
  - This particular incentive is a grant, so it’s wholly managed by MDA
- Because we have county level data in this case, we use REMI PI+ and REMI Tax PI (when we don’t know the county for an incentive we use REMI Tax PI only)
- For our analysis we focus on the number of jobs and additional general funds revenue to the state created both directly by the firm that received the award and indirectly to the additional jobs created by the firm
In 2019, the state made 25 awards totaling $18.9 million and creating a minimum of 2932 jobs.

Using REMI PI+ we find a significant impact of 26 counties of which 17 were impacted directly.

Using REMI Tax PI we estimate the gross addition to the state’s general fund to be $115.1 between 2019 and 2025.
Some difficult points

- Most recipients of the ACE fund receive other incentives, but we don’t know what incentives or how much.
- The ACE fund appears to be a worthwhile investment for the state, but it’s unclear whether that would hold under more intense scrutiny.