

Mississippi: Thinking Like a Business

If your firm needs to fast-track a new facility in the South, don't overlook Mississippi. State officials will act quickly to get your operation up and running ahead of the competition.

by **TIM VENABLE**

Everybody says government needs to think more like a business. But in Mississippi, they've actually *done* something about it.

"Most states have a board of economic development that meets every so often," explains Jimmy Heidel, executive director of the Mississippi Dept. of Economic and Community Development. "The agency director takes projects to the board for approval. But here in Mississippi, I *am* the board. I can make the decision *today*."

Companies striving to gain a competitive edge in today's fast-moving environment can't waste time waiting for boards and agencies to grant approvals and make decisions. And in the Magnolia State, they don't have to.

"I have the authority from the legislature to give a company a commitment on the spot," Heidel says. "Corporate America really likes it. I can sit down and tell someone, 'I'll give you a loan at 1 percent interest,' and that makes a lot of difference. I don't have to say, 'Well, I'll meet with my board on the 30th of this month, and then we'll see what they say.'"

Warm Business Climate

That kind of no-nonsense approach is just one of many ways in which Mississippi extends a friendly hand to business.

A Whirlpool Corp. study, for instance, has rated Mississippi's business climate among the nation's best. The appliance manufacturer evaluated taxes, unemployment compensation,

workers compensation, labor, transportation, energy, health care, job growth and quality of life.

Incentives are often a key indicator of receptiveness, and Mississippi has crafted a formidable incentives arsenal. "We've looked at other states' incentives programs, and ours is very competitive," Heidel reports. Besides favorable individual and corporate income tax rates, some of the state's key tax incentives include:

- No sales tax on purchases of raw materials, processing chemicals or packaging materials.
- No sales tax on direct purchases of construction materials, machinery and equipment for businesses that are financed through certain kinds of bonds or located in less-developed counties.
- Partial (e.g., 50 percent) sales tax exemptions for purchases of construc-

tion materials, machinery and equipment in moderately developed and developed counties.

- State income tax credits for five years, ranging from US\$500 to \$2,000 for each new job created by a new or expanding business.
- Five-year state income tax credits of \$500 for each new R&D job created.
- For companies transferring regional or national headquarters to Mississippi, five-year state income tax credits of \$500 for each new job created, plus full sales tax exemptions for direct purchases of construction materials, machinery and equipment for the new facility.
- State income tax credits equal to 50 percent of child/dependent care expenses.
- State income tax credits equal to 25 percent of basic skills training and job re-training expenses.

"The Hattiesburg area is doing very well. The Polymer Science Institute at the University of Southern Mississippi is helping attract plastics companies there. The coastal counties are becoming quite diverse, and industry here is doing fine. Ingalls Shipbuilding has good, long-term contracts, and other marine-related facilities on the coast are healthy. Small manufacturing and retail trade are doing well in Meridian, and the economic developer in Laurel, Mitch Stennett, is doing a great job with existing industry expansions."

— C.M. (Chuck) Ueltschey, Manager of Regional Development, Mississippi Power Co., Gulfport, Miss.

“We’ve been focusing on the development of education-industry partnerships, and we’ve made a great deal of headway linking schools and businesses to train employees and getting businesses into the schools. We’ve spent a lot of time developing the existing industry program, and we’re also looking at developing a day-care program for industry.”

— James Mock, Executive Director
Economic Development Partnership of
Montgomery County, Winona, Miss.

The state has also created more financing options in recent years, a move that’s helped attract an increasingly broad array of business and industry.

“We’ve diversified a lot in our ability to finance projects,” Heidel says. “When I came on board here in 1992, we basically financed just new manufacturing through our bond program. But we’ve expanded that program now, and we also use it finance expansions. In addition, we now can finance telecom industry projects, plus warehouse and distribution and food processing.”

Productive Labor

In addition to an inviting business climate, today’s location-savvy companies are looking for access to an ample supply of productive workers. They’ll find it in the Magnolia State.

For starters, Mississippi is a right-to-work state. Less than 6 percent of manufacturing workers are unionized.

The state’s average absenteeism rate (3 percent) and turnover rate (5 percent) are very low. And wage rates are also competitive, in keeping with the state’s below-average business and living costs.

Mississippi offers customized employee training to new and expanding firms at little or no cost. Training is provided through the state’s community college system, at vocational-technical centers, on-site at the company’s facilities or in special mobile training units.

The training programs are turning out qualified workers: 87 percent of trainees undergoing special, industry-specific training are hired by state firms.

“The key to the success of our business in Mississippi has been the attitude of the work force,” says George R. Hennigan, president of Kerr-McGee Chemical Corp. “They understand and appreciate the meaning of teamwork and are dedicated to increasing the company’s productivity.”

A Growing Distribution Hub

Mississippi’s location offers good access to growing southern markets. But that access is expanding even further.

“We’re getting the infrastructure in place to become a major distribution hub for the Southeast region,” Heidel reports.

Warehouse and distribution activity is already strong in De Soto County and Marshall County, south of Memphis. “That’s mainly because of the rail connection coming in from the West Coast to the Memphis area,” he says. “But we’re also getting a lot more distribution here in Jackson, where Kansas City Southern has built a large intermodal facility. We’re working on eliminating some bottlenecks here and in Vicksburg that would give us 40-hour delivery from the West Coast. That’s well below the 50-hour delivery we now have, and it would be better than in Memphis. So these changes will open up the entire central part of the state to distribution operations.”

During the past three years, the volume of exports moving through Mississippi ports on the Mississippi River and Gulf of Mexico has risen 40 percent. “We attribute that increase to a bill we passed that gives companies a corporate income tax credit for using the ports,” Heidel says. “We’re now positioning ourselves to do more business in Central and South America. During the last few months, Canadian National Railway merged with the Illinois Central (a major railroad with a north-south line through Mississippi), and it also entered into a 15-year marketing plan with Kansas City Southern. That makes us the hub for Canadian shipping into Central and South America, or for Kansas City Southern going into Mexico.”

For domestic and foreign importers

and exporters, Mississippi offers two foreign-trade zones. The Vicksburg/Jackson Foreign Trade Zone includes industrial properties in Vicksburg and Jackson, and the Gulfport/Biloxi Foreign Trade Zone includes industrial sites on or near the Mississippi Gulf Coast.

Highways are another distribution plus for Mississippi. “Our highway program has been rated third-best in the United States,” Heidel reports. Mississippi exceeds the national average in highway improvements spending, and

The Facts on Mississippi

Location: Mississippi is a coastal, southeastern state strategically located with the Mississippi River to the west, the Tennessee-Tombigbee Waterway to the east and the Gulf of Mexico to the South.

Area: The state covers 47,233 sq. miles (122,333 sq. km.) with diverse terrain, including rich farmland, rolling wooded hills and subtropical coastline.

Population: Mississippi has a population of 2.7 million, with a labor force of more than 1 million.

Natural Resources: The state’s 747,000 acres (302,000 hectares) of surface water and aquifers provide navigational waterways and an almost unlimited supply of fresh water. Other resources include oil and gas, sand and gravel, clay, limestone and well-managed hardwood and softwood forests.

Major Industries: Mississippi’s leading industries include furniture and wood products, food processing, chemicals, plastics, electronics, metal fabrication, telecommunications and auto parts manufacturing and distribution.

“Commerce on the Tenn-Tom Waterway keeps growing every year. Tonnage was higher during the first quarter of 1998 than it was during the same period in 1997, and we’re looking for another good year. Recreation along the waterway has become an industry in itself. Last year the waterway attracted over 3 million visitor-days of recreational use.”

— Don Waldon, Administrator,
Tennessee-Tombigbee Waterway
Development Authority,
Columbus, Miss.

it will complete a \$1.5 billion expansion program by the year 2000.

Technology and Research

It might come as a surprise to learn that 25 percent of U.S. super-computing power is located in Mississippi. But it is, and some of the nation’s most advanced research is being conducted on Mississippi college campuses.

At the University of Southern Mississippi’s main campus in Hat-

tiesburg, for example, the Polymer Science Institute has some of the nation’s foremost polymer research facilities. Institute staff are working with leading industries to develop more advanced plastics products.

At Mississippi State University’s Starkville campus, Honda Research and Development Co. has recently built a \$4 million addition to the renowned Raspet Flight Research Laboratory. The school is also home to the High Voltage Laboratory, the largest high-voltage testing facility at any university in the country.

In Oxford, the University of Mississippi is home to the National Center for Physical Acoustics, the National Center for the Development of Natural Products and the Mississippi Mineral Resources Institute.

In Vicksburg, the U.S. Army Corps of Engineers Waterways Experiment Station is the nation’s largest research, development and testing facility. Its mission is to conceive, plan, study and execute engineering investigations and research and development studies in support of the civil and military activities of the Corps of Engineers and other federal agencies.

Biggest Recent Investments

Mississippi’s inviting business climate, productive work force, expanding distribution network, technology resources and other assets helped attract some \$4.1 billion in new and expanded facility investment in 1997.

Expansions of existing facilities accounted for almost half of the 31,000 new jobs created in the state last year.

“We’re getting a lot of expansions from existing industry, with some of them expanding the fourth and fifth time now during the past few years,” Heidel reports.

Some of the state’s hottest areas for investment include northern Mississippi, especially Tupelo and the surrounding area, plus De Soto and Marshall counties, near Memphis; the Jackson metro area; Hattiesburg; and the three Gulf Coast counties.

Tupelo and northeast Mississippi, in fact, lead the nation in the production of upholstered furniture. “We’re producing 45,000 pieces of upholstered furniture a day,” Heidel says.

1997’s biggest new manufacturing projects include:

- Friede Goldman International’s \$40 million, 500-employee drilling and production platforms facility in Pascagoula;
- Kohler Co.’s \$9 million, 300-employee internal combustion engines plant in Hattiesburg;
- Oreck Manufacturing’s \$11 million, 230-employee household vacuum cleaners factory in Long Beach; and
- ABT Building Products Co.’s \$16 million, 188-employee vinyl siding plant in Holly Springs.

The largest nonmanufacturing facility announced in Mississippi last year was Dollar General’s \$38 million, 775,000-sq.-ft. (72,000-sq.-m.) distribution center in Indianola, in the heart of the state’s fertile Delta region. The facility will create approximately 475 jobs. **SS**