



Secretary of State proposing Entertainment District Act

By Jennifer Jacob Brown

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— In an effort to boost economic development, Mississippi Secretary of State Delbert Hosemann has proposed an Entertainment District Act as part of his 2009 legislative agenda.

Hosemann said he had Meridian, Tupelo, Jackson County, and the Mississippi Delta specifically in mind when drafting the proposed act, which he called "an effort to use innovative means to attract business to the community".

The act has three major components — a tax deduction for businesses, a "ticket tax" and a "tourism tax" that would be subject to a public vote.

Under the act, local governing bodies can label certain areas as entertainment districts, and it is within those areas that taxing changes would apply.

If the act is passed by the Legislature, businesses that build or renovate an entertainment facility (which could be anything from a theater to a zoo, as long as it sells tickets, passes, or admission) in an entertainment district can apply for an accelerated depreciation deduction on their income taxes. Other businesses, such as restaurants and hotels, that are adjoined to an entertainment facility may also be eligible for the deduction in some cases.

In order to recoup money the state loses on the income tax deduction, the act includes a ticket tax — a fee of \$2 per ticket sold which is paid to the state by businesses that take advantage of the tax deduction. Once a business has repaid its deduction through the ticket tax, the \$2 fee will be dropped.

The act also gives municipalities with an entertainment district the option to impose a tourism tax within the district, adding up to two percent to the existing taxation on food and beverages and up to four percent to the existing lodging tax.

Local government would not be able to impose the tourism tax on their own — it would first be put to a public vote and must get at least 50 percent of the vote.

The tourism tax would be in addition to existing taxes, so if, for example, Meridian created an entertainment district with a four percent lodging tax, that tax would be added to the existing nine percent lodging tax for a total 13 percent lodging tax inside the entertainment district.

If a tourism tax is imposed, any proceeds from it could only be used for the betterment of the entertainment district. It could also be used to pay back entertainment district related debt incurred by a municipality.

The money could not be used, for example, to pave streets in a completely different and unrelated part of town, but how the money would be used for the entertainment district would be up to the municipality and its citizens.

In Meridian, the Mississippi Entertainment District Act could possibly be of advantage in the downtown area, where a new historic restoration hotel is being built next door to the MSU Riley Center with its one-of-a-kind theater.

The act, with its tax incentive, may be able to aid the hotel and theater in spurring economic development downtown. By boosting economic development and through its option of a tourism tax, the act could also help pad the municipal coffers.

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