

One year ago, an expansion of Tal-Port Industries' Hattiesburg office was no more than a distant blip on the radar screen.

But that blip grew considerably larger after company executives attended a seminar on the wealth of business opportunities created by the Gulf Opportunity Zone Act.

"Back in January or February, we went to a GO Zone seminar, and at that time we were not really considering this type of expansion," Tal-Port Chief Financial Officer Rob Patterson said. "As a result and because of recent developments in the company, we started considering an expansion to support our overseas operation."

Tal-Port is one of 14 companies with properties in Hattiesburg and surrounding areas that have applied for tax-free financing packages funded by the GO Zone legislation. Those companies' potential projects total \$454 million in capital investment and could create 774 jobs in coming years.

Around the state, 92 companies with a total of 106 projects have applied for just more than \$3.5 billion of the \$4.9 billion that is set aside for tax-free bonds in Mississippi, said Bill Barry, executive director of the Mississippi Business Finance Corporation that is issuing the bonds for the governor's office.

While the majority of the projects are less than \$10 million, some are much larger.

Take the South Mississippi Electric Power Association's plans to retrofit its emissions system at the R.D. Morrow Generating Plant. The power association has asked for a total of \$341 million in three projects with \$327 million going toward an emission upgrade project at the Purvis generating plant, EPA spokeswoman Lydia Walters said.

The upgrade would have been required by new legislation that goes into effect in 2009 and 2010.

"These are projects we would need financing for anyway for good stewardship," Walters said. "This offered us an excellent financial resource to get these projects done."

Tal-Port, a minority-owned company based in Yazoo City, primarily makes automotive wiring harnesses and has a plant in Saltillo, Mexico, that is supervised by engineers, accountants and purchasing agents at the Hattiesburg office, said Talmadge Portis, president of the company.

The \$4 million to \$5.5 million requested would be used to build a 35,000- to 40,000-square-foot building that would add 40 engineers and administrative staff to the 16 who currently work in Hattiesburg, executive vice president Babs Hardy said.

But the request for tax-free bonds is only one of several options the company may go with when deciding its final course of action, Patterson said. That option allow companies to borrow money for a capital project at low-interest rates, but other GO Zone incentives, which cannot be taken in conjunction with the low-interest loans, create higher depreciation rates and tax credits for new jobs.

"We're examining all of our options right now to determine which one best fits our needs," Patterson said.

While most of the 106 tax-free financing projects are multi-million dollar capital investments for new and existing businesses, the true effects of the GO Zone legislation run much deeper, said Tom Peyton, an accountant with Donnell and Co. who has been lecturing regularly around Hattiesburg on the tax breaks.

"A lot of our clients may not be talking about building because that's expensive, but they may be hiring a person or two, buying equipment or a truck," he said.

All of those expenses can be claimed at higher depreciation rates or as direct credits on both federal and state income tax returns. While Peyton said there was no good way to measure how many business owners would be able to take advantage of the GO Zone incentives, he said the number would be rather large.

"A lot of people are asking our advice on how to utilize these incentives," he said. "I think we will see a lot more of this especially in the latter part of the year." Robert St. John, who owns the Crescent City Grill, Purple Parrot Café and Mahogany Bar, doesn't have a major capital project in the works but said he has already started taking advantage of the tax breaks.

He moved some equipment purchases forward that he may not have made this year. "Without it, what you would have is a lot of people moving out of the area or people thinking twice about locating here because of the destruction," St. John said. "It was smart policy to institute the legislation; it will make a huge difference."