

By: Representatives Flaggs, Reynolds, Moak, To: Ways and Means
Clarke

COMMITTEE SUBSTITUTE
FOR
HOUSE BILL NO. 602

1 AN ACT TO PROVIDE AN INCOME TAX CREDIT TO EMPLOYERS WHO
2 EMPLOY STUDENTS DURING THE SUMMER BETWEEN THE SPRING AND FALL
3 SCHOOL TERMS; TO LIMIT THE AMOUNT OF SUCH CREDIT; TO REQUIRE THE
4 MISSISSIPPI DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT TO
5 PROMULGATE RULES AND REGULATIONS NECESSARY TO ADMINISTER THE
6 PROVISIONS OF THIS ACT; TO PROVIDE THAT THE EXECUTIVE DIRECTOR OF
7 THE MISSISSIPPI DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT
8 SHALL DETERMINE WHETHER OR NOT A STUDENT QUALIFIES TO PARTICIPATE
9 IN THE MISSISSIPPI STUDENT SUMMER EMPLOYMENT PROGRAM; TO PROVIDE
10 THAT AN EMPLOYER MUST PROVIDE THE STATE TAX COMMISSION WITH
11 CERTAIN INFORMATION IN ORDER TO RECEIVE THE TAX CREDIT; AND FOR
12 RELATED PURPOSES.

13 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MISSISSIPPI:

14 SECTION 1. (1) This section shall be known and may be cited
15 as the Mississippi Student Summer Employment Act.

16 (2) The purpose of this section is to provide a financial
17 incentive for employers in Mississippi to participate in a program
18 to employ school students during the summer between the spring and
19 fall school terms to provide employment opportunities in this
20 state to benefit both students and employers.

21 (3) As used in this section, the following words and phrases
22 shall have the meanings ascribed in this section unless the
23 context clearly indicates otherwise:

24 (a) "Certificate" means a document issued by the
25 Mississippi Department of Economic and Community Development,
26 based upon established criteria, to an employer certifying the
27 number of qualified students employed by the employer in the
28 Mississippi Student Summer Employment Program during each calendar
29 year.

30 (b) "Department" means the Mississippi Department of
31 Economic and Community Development.

32 (c) "Employer" means any individual or legal entity
33 approved by the Mississippi Department of Economic and Community
34 Development for participation in the Mississippi Student Summer
35 Employment Program.

36 (d) "Executive director" means the Executive Director
37 of the Mississippi Department of Economic and Community
38 Development.

39 (e) "Program" means the Mississippi Student Summer
40 Employment Program.

41 (f) "Qualified student" means any student between the
42 ages of fifteen (15) and eighteen (18) years whose family had an
43 annual income for the preceding taxable year not greater than two
44 hundred percent (200%) of the federal poverty level and who is
45 approved by the Mississippi Department of Economic and Community
46 Development for participation in the Mississippi Student Summer
47 Employment Program. A person who is a child, nephew or niece of
48 an employer may not be a qualified student.

49 (g) "Summer" means the period of time between the
50 spring and fall school terms for the 1999 calendar year and such
51 period of time for each calendar year thereafter.

52 (4) The department shall promulgate rules and regulations
53 regarding criteria that employers and students must satisfy in
54 order to qualify to participate in the program.

55 (5) (a) Any employer that employs one or more qualified
56 students as part of the program during the summer shall be allowed
57 a credit, equal to the lesser of fifty percent (50%) of the amount
58 of wages paid to each qualified student by the employer or Five
59 Hundred Dollars (\$500.00), against the amount of income taxes
60 imposed upon the employer under the laws of this state for the tax
61 year in which the wages were paid, subject to the limitations of
62 subsection (7) of this section. The credit shall only apply to
63 the amount of a qualified student's wages which is not in excess
64 of the minimum wage required by 29 USCS Section 206. An employer

65 may not claim a credit for a student if the student has been
66 employed by the employer within the six (6) months immediately
67 preceding the student's participation in the program.

68 (b) The maximum number of qualified students for which
69 an employer may claim a credit for a taxable year is:

70 (i) Employers having not more than ten (10)
71 employees one (1) qualified student.

72 (ii) Employers having more than ten (10) but not
73 more than fifty (50) employees..... two (2) qualified students.

74 (iii) Employers having more than fifty (50) but
75 not more than one hundred (100) employees.....
76 three (3) qualified students.

77 (iv) Employers having more than one hundred (100)
78 employees four (4) qualified students.

79 (6) If an employer desires to qualify for the income tax
80 credit provided in subsection (5) of this section, the employer
81 must provide the department with documentation verifying the name
82 of each student for which the employer seeks to claim the tax
83 credit, the student's school district and school of attendance and
84 any other information required by the department. The executive
85 director shall review the information submitted by the employer
86 and determine whether a student meets the criteria to be a
87 qualified student for which an employer may claim the income tax
88 credit provided in subsection (5) of this section. If the
89 executive director determines that a student meets the necessary
90 criteria, he shall issue a certificate to that effect to the
91 employer and the qualified student. The certificate will
92 authorize the employer to claim a credit against income taxes for
93 the amount of wages paid to each qualified student as provided in
94 subsection (5) of this section.

95 (7) The income tax credit provided in subsection (5) of this
96 section shall not exceed fifty percent (50%) of the income tax
97 imposed upon the employer for the taxable year reduced by the sum

98 of all other credits allowable to such employer under the state
99 income tax laws, except credit for tax payments made by or on
100 behalf of the taxpayer. The credit authorized in this section may
101 be carried forward for the next four (4) successive tax years if
102 the amount allowed as credit exceeds the employer's income tax
103 liability for the taxable year. However, thereafter, if the
104 amount allowable as credit exceeds the employer's income tax
105 liability for the taxable year, the amount of excess credit shall
106 not be refundable or carried forward to any other taxable year.

107 (8) To obtain the tax credit provided in this section, an
108 employer must provide to the State Tax Commission proof of the
109 wages paid to each qualified student for which the employer claims
110 the credit, a copy of the certificate issued by the executive
111 director and any other information required by the State Tax
112 Commission.

113 (9) This section shall be repealed from and after June 30,
114 2001.

115 (10) Section 1 of this act shall be codified as a separate
116 Code section in Title 27, Chapter 7, Mississippi Code of 1972.

117 SECTION 2. This act shall stand repealed on January 1, 2004.

118 SECTION 3. Nothing in this act shall affect or defeat any
119 claim, assessment, appeal, suit, right or cause of action for
120 taxes due or accrued under the income tax laws before the date on
121 which this act becomes effective, whether such claims,
122 assessments, appeals, suits or actions have been begun before the
123 date on which this act becomes effective or are begun thereafter;
124 and the provisions of the income tax laws are expressly continued
125 in full force, effect and operation for the purpose of the
126 assessment, collection and enrollment of liens for any taxes due
127 or accrued and the execution of any warrant under such laws before
128 the date on which this act becomes effective, and for the
129 imposition of any penalties, forfeitures or claims for failure to
130 comply with such laws.

131 SECTION 4. This act shall take effect and be in force from
132 and after January 1, 1999.