

By: Representative Williams

To: Ways and Means

HOUSE BILL NO. 1558

1 AN ACT TO AMEND SECTION 57-73-21, MISSISSIPPI CODE OF 1972,
2 TO MAKE PERMANENT BUSINESS ENTERPRISES DESIGNATED BY THE
3 DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT AS DATA OR
4 INFORMATION PROCESSING OR COMPUTER SOFTWARE DEVELOPMENT
5 ENTERPRISES ELIGIBLE FOR A JOBS TAX CREDIT UNDER THE ECONOMIC
6 DEVELOPMENT REFORM ACT; AND FOR RELATED PURPOSES.

7
8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MISSISSIPPI:

9 SECTION 1. Section 57-73-21, Mississippi Code of 1972, is
10 amended as follows:

11 57-73-21. (1) Annually by December 31, using the most
12 current data available from the University Research Center,
13 Mississippi State Employment Security Commission and the United
14 States Department of Commerce, the State Tax Commission shall rank
15 and designate the state's counties as provided in this section.
16 The twenty-eight (28) counties in this state having a combination
17 of the highest unemployment rate and lowest per capita income for
18 the most recent thirty-six (36) month period, with equal weight
19 being given to each category, are designated less developed areas.
20 The twenty-seven (27) counties in the state with a combination of
21 the next highest unemployment rate and next lowest per capita
22 income for the most recent thirty-six (36) month period, with
23 equal weight being given to each category, are designated
24 moderately developed areas. The twenty-seven (27) counties in the
25 state with a combination of the lowest unemployment rate and the
26 highest per capita income for the most recent thirty-six (36)
27 month period, with equal weight being given to each category, are
28 designated developed areas. Counties designated by the Tax

29 Commission qualify for the appropriate tax credit for jobs as
30 provided in subsections (2), (3) and (4) of this section. The
31 designation by the Tax Commission is effective for the tax years
32 of permanent business enterprises which begin after the date of
33 designation. For companies which plan an expansion in their labor
34 forces, the Tax Commission shall prescribe certification
35 procedures to ensure that the companies can claim credits in
36 future years without regard to whether or not a particular county
37 is removed from the list of less developed or moderately developed
38 areas. (2) Permanent business enterprises primarily engaged in
39 manufacturing, processing, warehousing, distribution, wholesaling
40 and research and development, or permanent business enterprises
41 designated by rule and regulation of the Department of Economic
42 and Community Development as air transportation and maintenance
43 facilities, final destination or resort hotels having a minimum of
44 one hundred fifty (150) guest rooms, recreational facilities that
45 impact tourism, movie industry studios, * * * telecommunications
46 enterprises, data or information processing enterprises or
47 computer software development enterprises, in counties designated
48 by the Tax Commission as less developed areas are allowed a job
49 tax credit for taxes imposed by Section 27-7-5 equal to Two
50 Thousand Dollars (\$2,000.00) annually for each net new full-time
51 employee job for five (5) years beginning with years two (2)
52 through six (6) after the creation of the job. The number of new
53 full-time jobs must be determined by comparing the monthly average
54 number of full-time employees subject to the Mississippi income
55 tax withholding for the taxable year with the corresponding period
56 of the prior taxable year. Only those permanent businesses that
57 increase employment by ten (10) or more in a less developed area
58 are eligible for the credit. Credit is not allowed during any of
59 the five (5) years if the net employment increase falls below ten
60 (10). The Tax Commission shall adjust the credit allowed each
61 year for the net new employment fluctuations above the minimum

62 level of ten (10).

63 (3) Permanent business enterprises primarily engaged in
64 manufacturing, processing, warehousing, distribution, wholesaling
65 and research and development, or permanent business enterprises
66 designated by rule and regulation of the Department of Economic
67 and Community Development as air transportation and maintenance
68 facilities, final destination or resort hotels having a minimum of
69 one hundred fifty (150) guest rooms, recreational facilities that
70 impact tourism, movie industry studios, * * * telecommunications
71 enterprises, data or information processing enterprises or
72 computer software development enterprises, in counties that have
73 been designated by the Tax Commission as moderately developed
74 areas are allowed a job tax credit for taxes imposed by Section
75 27-7-5 equal to One Thousand Dollars (\$1,000.00) annually for each
76 net new full-time employee job for five (5) years beginning with
77 years two (2) through six (6) after the creation of the job. The
78 number of new full-time jobs must be determined by comparing the
79 monthly average number of full-time employees subject to
80 Mississippi income tax withholding for the taxable year with the
81 corresponding period of the prior taxable year. Only those
82 permanent businesses that increase employment by fifteen (15) or
83 more in areas that have not been designated less developed areas
84 are eligible for the credit. The credit is not allowed during any
85 of the five (5) years if the net employment increase falls below
86 fifteen (15). The Tax Commission shall adjust the credit allowed
87 each year for the net new employment fluctuations above the
88 minimum level of fifteen (15).

89 (4) Permanent business enterprises primarily engaged in
90 manufacturing, processing, warehousing, distribution, wholesaling
91 and research and development, or permanent business enterprises
92 designated by rule and regulation of the Department of Economic
93 and Community Development as air transportation and maintenance
94 facilities, final destination or resort hotels having a minimum of

95 one hundred fifty (150) guest rooms, recreational facilities that
96 impact tourism, movie industry studios, * * * telecommunications
97 enterprises, data or information processing enterprises or
98 computer software development enterprises, in counties designated
99 by the Tax Commission as developed areas are allowed a job tax
100 credit for taxes imposed by Section 27-7-5 equal to Five Hundred
101 Dollars (\$500.00) annually for each net new full-time employee job
102 for five (5) years beginning with years two (2) through six (6)
103 after the creation of the job. The number of new full-time jobs
104 must be determined by comparing the monthly average number of
105 full-time employees subject to Mississippi income tax withholding
106 for the taxable year with the corresponding period of the prior
107 taxable year. Only those permanent businesses that increase
108 employment by twenty (20) or more in developed areas are eligible
109 for the credit. The credit is not allowed during any of the five
110 (5) years if the net employment increase falls below twenty (20).
111 The Tax Commission shall adjust the credit allowed each year for
112 the net new employment fluctuations above the minimum level of
113 twenty (20).

114 (5) In addition to the credits authorized in subsections
115 (2), (3) and (4), an additional Five Hundred Dollars (\$500.00)
116 credit for each net new full-time employee shall be allowed for
117 any company establishing or transferring its national or regional
118 headquarters from within or outside the State of Mississippi. A
119 minimum of thirty-five (35) jobs must be created to qualify for
120 the additional credit. The State Tax Commission shall establish
121 criteria and prescribe procedures to determine if a company
122 qualifies as a national or regional headquarters for purposes of
123 receiving the credit awarded in this subsection.

124 (6) In addition to the credits authorized in subsections
125 (2), (3), (4) and (5), any job requiring research and development
126 skills (chemist, engineer, etc.) shall qualify for an additional
127 Five Hundred Dollars (\$500.00) credit for each net new full-time

128 employee.

129 (7) Tax credits for five (5) years for the taxes imposed by
130 Section 27-7-5 shall be awarded for additional net new full-time
131 jobs created by business enterprises qualified under subsections
132 (2), (3), (4), (5) and (6) of this section. The Tax Commission
133 shall adjust the credit allowed in the event of employment
134 fluctuations during the additional five (5) years of credit.

135 (8) The sale, merger, acquisition, reorganization,
136 bankruptcy or relocation from one county to another county within
137 the state of any business enterprise may not create new
138 eligibility in any succeeding business entity, but any unused job
139 tax credit may be transferred and continued by any transferee of
140 the business enterprise. The Tax Commission shall determine
141 whether or not qualifying net increases or decreases have occurred
142 or proper transfers of credit have been made and may require
143 reports, promulgate regulations, and hold hearings as needed for
144 substantiation and qualification.

145 (9) Any tax credit claimed under this section but not used
146 in any taxable year may be carried forward for five (5) years from
147 the close of the tax year in which the qualified jobs were
148 established but the credit established by this section taken in
149 any one (1) tax year must be limited to an amount not greater than
150 fifty percent (50%) of the taxpayer's state income tax liability
151 which is attributable to income derived from operations in the
152 state for that year.

153 (10) No business enterprise for the transportation,
154 handling, storage, processing or disposal of hazardous waste is
155 eligible to receive the tax credits provided in this section.

156 (11) The credits allowed under this section shall not be
157 used by any business enterprise or corporation other than the
158 business enterprise actually qualifying for the credits.

159 (12) The tax credits provided for in this section shall be
160 in addition to any tax credits described in Sections 57-51-13(b),

161 57-53-1(1)(a) and 57-54-9(b) and granted pursuant to official
162 action by the Department of Economic Development prior to July 1,
163 1989, to any business enterprise determined prior to July 1, 1989,
164 by the Department of Economic Development to be a qualified
165 business as defined in Section 57-51-5(f) or Section 57-54-5(d) or
166 a qualified company as described in Section 57-53-1, as the case
167 may be; however, from and after July 1, 1989, tax credits shall be
168 allowed only under either this section or Sections 57-51-13(b),
169 57-53-1(1)(a) and Section 57-54-9(b) for each net new full-time
170 employee.

171 (13) As used in this section, the term "telecommunications
172 enterprises" means entities engaged in the creation, display,
173 management, storage, processing, transmission or distribution for
174 compensation of images, text, voice, video or data by wire or by
175 wireless means, or entities engaged in the construction, design,
176 development, manufacture, maintenance or distribution for
177 compensation of devices, products, software or structures used in
178 the above activities. Companies organized to do business as
179 commercial broadcast radio stations, television stations or news
180 organizations primarily serving in-state markets shall not be
181 included within the definition of the term "telecommunications
182 enterprises."

183 SECTION 2. Nothing in this act shall affect or defeat any
184 claim, assessment, appeal, suit, right or cause of action for
185 taxes due or accrued under the income tax laws before the date on
186 which this act becomes effective, whether such claims,
187 assessments, appeals, suits or actions have been begun before the
188 date on which this act becomes effective or are begun thereafter;
189 and the provisions of the income tax laws are expressly continued
190 in full force, effect and operation for the purpose of the
191 assessment, collection and enrollment of liens for any taxes due
192 or accrued and the execution of any warrant under such laws before
193 the date on which this act becomes effective, and for the

194 imposition of any penalties, forfeitures or claims for failure to
195 comply with such laws.

196 SECTION 3. This act shall take effect and be in force from
197 and after January 1, 1999.