AN ACT TO PROVIDE AN INCOME TAX CREDIT FOR CERTAIN ELECTRIC UTILITIES, ELECTRIC POWER MARKETERS, GENERATORS OF ELECTRIC ENERGY OR ELECTRICITY CONSUMERS FOR CONTRIBUTIONS MADE TO CERTAIN PUBLIC UTILITIES FOR THE PURPOSE OF MAKING CERTAIN TRANSMISSION SYSTEM UPGRADES; TO LIMIT THE AMOUNT OF THE INCOME TAX CREDIT AUTHORIZED IN THIS ACT; AND FOR RELATED PURPOSES.

WHEREAS, pursuant to United States Federal Energy Regulatory Commission rules requiring all public utilities owning, controlling and operating facilities used for transmitting electric energy in interstate commerce to file open access nondiscriminatory transmission tariffs which permit transmission customers to engage in the interstate commerce sale of electric power and energy, transmission customers may be required to pay to transmission providers the cost of upgrades in transmission facilities necessary to accommodate the transmission of electric power and energy sought by the transmission customer; and, an adequate energy infrastructure being essential to the economic development of this state, it is the policy of the State of Mississippi to encourage investment in the development and improvement of systems for the transportation and transmission of electric power and energy within the state; NOW, THEREFORE,

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

SECTION 1. (1) For purposes of this section, the following terms shall have the meanings ascribed to them:

(a) "Transmission customer" means any taxpayer who (i) is an electric utility, an electric power marketer, a generator of electric energy for sale, resale, or an electricity consumer who takes unbundled transmission service pursuant to any retail transmission service tariff filed with the United States Federal Energy Regulatory Commission; (ii) is a public utility owning, controlling, or operating facilities used for transmitting electric energy in interstate commerce which is required to file open access nondiscriminatory transmission tariffs with the Federal Energy Regulatory Commission; or (iii) is a transmission customer described in (i) or (ii).

(b) "Transmission customer's contributions" means contributions made by the transmission customer to a public utility for the purpose of making certain transmission system upgrades within the state.

(c) "Public utility" means a public utility authorized to do business in the State of Mississippi.

(d) " Transmission system upgrades" means improvements in transmission facilities necessary to accommodate the transmission of electric power and energy within the state.

(e) "Income tax credit authorized in this act" means the amount of income tax credit authorized by this act.

(f) "Related purposes" means purposes related to the policy of the State of Mississippi to encourage investment in the development and improvement of systems for the transportation and transmission of electric power and energy within the state.
electricity access program pursuant to the laws of this state
adopted or enacted subsequent to the effective date of this act
and (ii) receives or proposes to receive transmission service from
a transmission provider. "Transmission customer" shall not mean
an affiliate of a transmission provider.

(b) "Transmission provider" means a public utility that
owns, controls, or operates facilities within the State of
Mississippi used for transmission of electric energy under an open
access transmission tariff properly filed and approved by the
United States Federal Energy Regulatory Commission, or its
successor agency, or under the transmission open access
reciprocity provisions of the orders and/or regulations of the

(c) "Network upgrades" means modifications or additions
to the transmission-related facilities within the State of
Mississippi that are integrated with and support the transmission
providers' overall transmission system for the general benefit of
all users of such transmission system, including the transmission
provider.

(2) (a) For a transmission customer making contributions to
a transmission provider for the costs of network upgrades, a
credit against the taxes imposed by this chapter shall be allowed
in the amount provided in this section. The credit may be claimed
for contributions made on or after January 1, 2001.

(b) A transmission customer may claim the income tax
credit provided in this section for a period of ten (10) years
commencing with the first full taxable year beginning after the
date the transmission customer makes its final contribution to the
transmission provider. The amount of the credit for a taxable
year shall be equal to twelve percent (12%) of the difference
between the aggregate amount of contributions made by the
transmission customer to the transmission provider and the
aggregate amount of all credits received by the transmission
customer prior to such taxable year against the cost of
transmission service rendered by the transmission provider
pursuant to the terms, provisions and rates of the open access
transmission tariff filed by the transmission provider with the
United States Federal Energy Regulatory Commission. The income
tax credit provided in this section may not exceed the income tax
liability of the transmission customer calculated under this
chapter for the taxable year in which the credit is claimed.

(c) Any amount of contributions by a transmission
customer which is used as an income tax credit under this section
may not be used by the transmission customer as a deduction for
state income tax purposes.

(d) The maximum cumulative income tax credit that may
be claimed by a transmission customer under this section may not
exceed twenty-five percent (25%) of the aggregate amount of
contributions made by the transmission customer to the
transmission provider.

(3) The State Tax Commission shall have all powers necessary
to implement and administer this section, and the commission shall
promulgate rules and regulations necessary for the implementation
of this section.

SECTION 2. Section 1 of this act shall be codified as a
separate code section in Chapter 7, Title 27, Mississippi Code of
1972.

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

SECTION 4. This act shall take effect and be in force from and after January 1, 2001.