

By: Senator(s) Michel, Robertson

To: Finance

SENATE BILL NO. 3042

1 AN ACT TO AMEND SECTION 57-73-21, MISSISSIPPI CODE OF 1972,
2 TO AUTHORIZE PERMANENT BUSINESS ENTERPRISES ENGAGED IN CERTAIN
3 FINANCIAL SERVICES TO QUALIFY FOR THE JOB TAX CREDIT; AND FOR
4 RELATED PURPOSES.

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

6 **SECTION 1.** Section 57-73-21, Mississippi Code of 1972, is
7 amended as follows:

8 57-73-21. (1) Annually by December 31, using the most
9 current data available from the University Research Center,
10 Mississippi State Employment Security Commission and the United
11 States Department of Commerce, the State Tax Commission shall rank
12 and designate the state's counties as provided in this section.
13 The twenty-eight (28) counties in this state having a combination
14 of the highest unemployment rate and lowest per capita income for
15 the most recent thirty-six-month period, with equal weight being
16 given to each category, are designated Tier Three areas. The
17 twenty-seven (27) counties in the state with a combination of the
18 next highest unemployment rate and next lowest per capita income
19 for the most recent thirty-six-month period, with equal weight
20 being given to each category, are designated Tier Two areas. The
21 twenty-seven (27) counties in the state with a combination of the
22 lowest unemployment rate and the highest per capita income for the
23 most recent thirty-six-month period, with equal weight being given
24 to each category, are designated Tier One areas. Counties
25 designated by the Tax Commission qualify for the appropriate tax
26 credit for jobs as provided in subsections (2), (3) and (4) of
27 this section. The designation by the Tax Commission is effective
28 for the tax years of permanent business enterprises which begin

29 after the date of designation. For companies which plan an
30 expansion in their labor forces, the Tax Commission shall
31 prescribe certification procedures to ensure that the companies
32 can claim credits in future years without regard to whether or not
33 a particular county is removed from the list of Tier Three or Tier
34 Two areas.

35 (2) Permanent business enterprises primarily engaged in
36 manufacturing, processing, warehousing, distribution, wholesaling,
37 financial services or research and development, or permanent
38 business enterprises designated by rule and regulation of the
39 Mississippi Development Authority as air transportation and
40 maintenance facilities, final destination or resort hotels having
41 a minimum of one hundred fifty (150) guest rooms, recreational
42 facilities that impact tourism, movie industry studios,
43 telecommunications enterprises, data or information processing
44 enterprises or computer software development enterprises or any
45 technology intensive facility or enterprise, in counties
46 designated by the Tax Commission as Tier Three areas are allowed a
47 job tax credit for taxes imposed by Section 27-7-5 equal to Two
48 Thousand Dollars (\$2,000.00) annually for each net new full-time
49 employee job for five (5) years beginning with years two (2)
50 through six (6) after the creation of the job. The number of new
51 full-time jobs must be determined by comparing the monthly average
52 number of full-time employees subject to the Mississippi income
53 tax withholding for the taxable year with the corresponding period
54 of the prior taxable year. Only those permanent businesses that
55 increase employment by ten (10) or more in a Tier Three area are
56 eligible for the credit. Credit is not allowed during any of the
57 five (5) years if the net employment increase falls below ten
58 (10). The Tax Commission shall adjust the credit allowed each
59 year for the net new employment fluctuations above the minimum
60 level of ten (10).

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

87 (4) Permanent business enterprises primarily engaged in
88 manufacturing, processing, warehousing, distribution, wholesaling,
89 financial services or research and development, or permanent
90 business enterprises designated by rule and regulation of the
91 Mississippi Development Authority as air transportation and
92 maintenance facilities, final destination or resort hotels having
93 a minimum of one hundred fifty (150) guest rooms, recreational

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

113 (5) In addition to the credits authorized in subsections
114 (2), (3) and (4), an additional Five Hundred Dollars (\$500.00)
115 credit for each net new full-time employee or an additional One
116 Thousand Dollars (\$1,000.00) credit for each net new full-time
117 employee who is paid a salary, excluding benefits which are not
118 subject to Mississippi income taxation, of at least one hundred
119 twenty-five percent (125%) of the average annual wage of the state
120 or an additional Two Thousand Dollars (\$2,000.00) credit for each
121 net new full-time employee who is paid a salary, excluding
122 benefits which are not subject to Mississippi income taxation, of
123 at least two hundred percent (200%) of the average annual wage of
124 the state, shall be allowed for any company establishing or
125 transferring its national or regional headquarters from within or
126 outside the State of Mississippi. A minimum of thirty-five (35)

127 jobs must be created to qualify for the additional credit;
128 however, the minimum jobs requirement shall not apply to business
129 enterprises that offer financial services. The State Tax
130 Commission shall establish criteria and prescribe procedures to
131 determine if a company qualifies as a national or regional
132 headquarters for purposes of receiving the credit awarded in this
133 subsection. As used in this subsection, the average annual wage
134 of the state is the most recently published average annual wage as
135 determined by the Mississippi Employment Security Commission.

136 (6) In addition to the credits authorized in subsections
137 (2), (3), (4) and (5), any job requiring research and development
138 skills (chemist, engineer, etc.) shall qualify for an additional
139 One Thousand Dollars (\$1,000.00) credit for each net new full-time
140 employee.

141 (7) Tax credits for five (5) years for the taxes imposed by
142 Section 27-7-5 shall be awarded for additional net new full-time
143 jobs created by business enterprises qualified under subsections
144 (2), (3), (4), (5) and (6) of this section. The Tax Commission
145 shall adjust the credit allowed in the event of employment
146 fluctuations during the additional five (5) years of credit.

147 (8) The sale, merger, acquisition, reorganization,
148 bankruptcy or relocation from one county to another county within
149 the state of any business enterprise may not create new
150 eligibility in any succeeding business entity, but any unused job
151 tax credit may be transferred and continued by any transferee of
152 the business enterprise. The Tax Commission shall determine
153 whether or not qualifying net increases or decreases have occurred
154 or proper transfers of credit have been made and may require
155 reports, promulgate regulations, and hold hearings as needed for
156 substantiation and qualification.

157 (9) Any tax credit claimed under this section but not used
158 in any taxable year may be carried forward for five (5) years from
159 the close of the tax year in which the qualified jobs were

160 established but the credit established by this section taken in
161 any one (1) tax year must be limited to an amount not greater than
162 fifty percent (50%) of the taxpayer's state income tax liability
163 which is attributable to income derived from operations in the
164 state for that year.

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

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

171 (12) The tax credits provided for in this section shall be
172 in addition to any tax credits described in Sections 57-51-13(b),
173 57-53-1(1)(a) and 57-54-9(b) and granted pursuant to official
174 action by the Department of Economic Development prior to July 1,
175 1989, to any business enterprise determined prior to July 1, 1989,
176 by the Department of Economic Development to be a qualified
177 business as defined in Section 57-51-5(f) or Section 57-54-5(d) or
178 a qualified company as described in Section 57-53-1, as the case
179 may be; however, from and after July 1, 1989, tax credits shall be
180 allowed only under either this section or Sections 57-51-13(b),
181 57-53-1(1)(a) and Section 57-54-9(b) for each net new full-time
182 employee.

183 (13) As used in this section, the term "telecommunications
184 enterprises" means entities engaged in the creation, display,
185 management, storage, processing, transmission or distribution for
186 compensation of images, text, voice, video or data by wire or by
187 wireless means, or entities engaged in the construction, design,
188 development, manufacture, maintenance or distribution for
189 compensation of devices, products, software or structures used in
190 the above activities. Companies organized to do business as
191 commercial broadcast radio stations, television stations or news
192 organizations primarily serving in-state markets shall not be

193 included within the definition of the term "telecommunications
194 enterprises."

195 (14) As used in this section, the term "financial services"
196 means a service offered by a major business facility in the State
197 of Mississippi that is primarily engaged, directly or indirectly,
198 or by electronic activity, in:

199 (a) Soliciting, placing or negotiating loans for itself
200 or others;

201 (b) Offers to solicit, place or negotiate loans for
202 others; or

203 (c) Marketing, originating, managing, processing,
204 financing, securitizing, servicing or collecting loans, including
205 both federally guaranteed and private education loans and
206 consolidation loans.

207 The term "financial services" shall not include services
208 offered by any person, firm, partnership, corporation or
209 association doing business under any of the laws of this state
210 relating to banks, savings banks, trust companies, building and
211 loan associations, insurance companies, pawnbrokers or credit
212 unions or to licensees under the Small Loan Regulatory Law
213 (Sections 75-67-101 through 75-67-135) or Small Loan Privilege Tax
214 Law Sections 75-67-201 through 75-67-243).

215 **SECTION 2.** This act shall take effect and be in force from
216 and after January 1, 2005.