By: Senator(s) Kirby

To: Insurance; Finance

SENATE BILL NO. 2145

AN ACT TO PROVIDE A CREDIT AGAINST STATE PREMIUM TAX FOR INSURANCE COMPANIES THAT LOCATE OR EXPAND AN OPERATIONS CENTER OR PROCESSING CENTER IN THIS STATE IN AN AMOUNT EQUAL TO 10% OF THE NEW INVESTMENT DIRECTLY RELATED TO THE NET NEW FULL-TIME JOBS CREATED BY THE LOCATION OR EXPANSION IN THIS STATE OF THE OPERATIONS CENTER OR CLAIMS CENTER; TO PROVIDE THAT ONLY INSURANCE COMPANIES WHOSE OPERATIONS CENTER OR CLAIMS CENTER INCREASE EMPLOYMENT BY AT LEAST 25 NET NEW FULL-TIME EMPLOYEE JOBS SHALL BE ELIGIBLE FOR THE CREDIT; TO AUTHORIZE THE CREDIT TO BE CARRIED FORWARD FOR 7 YEARS; TO INCREASE THE STATE PREMIUM TAX LIABILITY FOR INSURANCE COMPANIES THAT SELL, DISPOSE OF, RAZE, OR OTHERWISE RENDER UNUSABLE ALL OR A PART OF THE LAND, BUILDINGS, OR OTHER EXISTING STRUCTURES FOR WHICH A CREDIT WAS CLAIMED; AND FOR RELATED PURPOSES.

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

SECTION 1. (1) As used in this section:

(a) "Insurance company" means an insurance company regulated by the Commissioner of Insurance.

(b) "State premium tax liability" means any liability incurred by an insurance company under the provisions of Sections 27-15-103 through 27-15-119 and Sections 27-15-121 through 27-15-127, or in the case of a repeal or reduction by the state of the tax imposed by Sections 27-15-103 through 27-15-119 or Sections 27-15-121 through 27-15-127, any other tax imposed upon an insurance company by this state.

(c) "New investment" means:

(i) The purchase price of real property and any buildings and structures located on the real property associated with the location or expansion.

(ii) The cost of machinery and equipment purchased for use in the operation of the operations center or claims center, the purchase price of which has been depreciated in accordance with generally accepted accounting principles, and the cost of improvements made to real property which is used in the operation of the operations center or claims center.

(iii) The annual base rent paid to a third party developer by an insurance company for a period not to exceed ten (10) years, provided the cumulative cost of the base rent payments for that period does not exceed the cost of the land and the third party developer's costs to build or renovate the building for the insurance company. The insurance company must enter into a lease agreement with the third party developer for a minimum of ten (10) years.

(2) An insurance company that locates or expands an operations center or processing center in this state shall be allowed a credit against the company's state premium tax liability in an amount equal to ten percent (10%) of the new investment directly related to the net new full-time jobs created by the location or expansion in this state of the operations center or claims center. Only insurance companies whose operations center or claims center increase employment by at least twenty-five (25) net new full-time employee jobs shall be eligible for the credit. The number of new full-time jobs shall be determined by comparing the monthly average number of full-time employees subject to the Mississippi income tax withholding for the taxable year with the corresponding period of the prior taxable year. Any credit in excess of the state premium tax liability for the tax year may be carried forward for the following seven (7) tax years.

(3) If within five (5) years of purchase, the insurance company sells, disposes of, razes, or otherwise renders unusable all or a part of the land, buildings, or other existing structures for which a credit was claimed under this section, the state premium tax liability of the eligible business for the year in which all or part of the property is sold, disposed of, razed, or otherwise rendered unusable shall be increased by one (1) of the following amounts:

(a) One hundred percent (100%) of the tax credit claimed under this section if the property ceases to be eligible for the tax credit within one (1) year after being placed in service.

(b) Eighty percent (80%) of the tax credit claimed under this section if the property ceases to be eligible for the tax credit within two (2) years after being placed in service.

(c) Sixty percent (60%) of the tax credit claimed under this section if the property ceases to be eligible for the tax credit within three (3) years after being placed in service.

(d) Forty percent (40%) of the tax credit claimed under this section if the property ceases to be eligible for the tax credit within four (4) years after being placed in service.

(e) Twenty percent (20%) of the tax credit claimed under this section if the property ceases to be eligible for the tax credit within five (5) years after being placed in service.

SECTION 2. This act shall take effect and be in force from and after July 1, 2006.