

By: Representative Watson

To: Ways and Means

COMMITTEE SUBSTITUTE
FOR
HOUSE BILL NO. 1045

1 AN ACT TO AMEND SECTION 27-7-22.17, MISSISSIPPI CODE OF 1972,
2 TO AUTHORIZE THE CHAIRMAN OF THE STATE TAX COMMISSION TO WAIVE THE
3 PERIOD OF TIME WITHIN WHICH THE JOBS TAX CREDIT MAY BE UTILIZED BY
4 CERTAIN PERMANENT BUSINESS ENTERPRISES THAT ARE UNABLE TO MAINTAIN
5 THE REQUIRED NUMBER OF JOBS AS A DIRECT RESULT OF CERTAIN
6 DISASTERS; TO AUTHORIZE THE CHAIRMAN OF THE STATE TAX COMMISSION
7 TO WAIVE THE REQUIREMENT THAT A CERTAIN NUMBER OF JOBS BE
8 MAINTAINED BY SUCH SUPPLIERS AND EXTEND THE CARRYFORWARD PERIOD OF
9 THE CREDIT; TO PROVIDE THAT THE PERIOD OF TIME FOR WHICH THE
10 REQUIREMENTS MAY BE WAIVED AND THE CARRYFORWARD PERIOD MAY BE
11 EXTENDED SHALL NOT EXCEED TWO YEARS; AND FOR RELATED PURPOSES.

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

13 **SECTION 1.** Section 27-7-22.17, Mississippi Code of 1972, is
14 amended as follows:

15 27-7-22.17. (1) Permanent business enterprises engaged in
16 operating a project and companies that are members of an
17 affiliated group that includes such permanent business enterprises
18 are allowed a job tax credit for taxes imposed by Section 27-7-5
19 equal to Five Thousand Dollars (\$5,000.00) annually for each net
20 new full-time employee job for a period of twenty (20) years from
21 the date the credit commences; however, if the permanent business
22 enterprise is located in an area that has been declared by the
23 Governor to be a disaster area and as a direct result of the
24 disaster the business enterprise is unable to maintain the
25 required number of employees, the commissioner may extend this
26 time period for not more than two (2) years. The credit shall
27 commence on the date selected by the permanent business
28 enterprise; * * * however, * * * the commencement date shall not
29 be more than five (5) years from the date the business enterprise
30 commences commercial production. For the year in which the
31 commencement date occurs, the number of new full-time jobs shall

32 be determined by using the monthly average number of full-time
33 employees subject to the Mississippi income tax withholding.
34 Thereafter, the number of new full-time jobs shall be determined
35 by comparing the monthly average number of full-time employees
36 subject to the Mississippi income tax withholding for the taxable
37 year with the corresponding period of the prior taxable year.
38 Once a permanent business enterprise creates or increases
39 employment three thousand (3,000) or more, such enterprise and the
40 members of the affiliated group that include such enterprise,
41 shall be eligible for the credit. The credit is not allowed for
42 any year of the twenty-year period in which the overall monthly
43 average number of full-time employees subject to the Mississippi
44 income tax withholding falls below three thousand (3,000);
45 however, if the permanent business enterprise is located in an
46 area that has been declared by the Governor to be a disaster area
47 and as a direct result of the disaster the business enterprise is
48 unable to maintain the required number of employees, the
49 commissioner may waive the employment requirement for a period of
50 time not to exceed two (2) years. The State Tax Commission shall
51 adjust the credit allowed each year for the net new employment
52 fluctuations above three thousand (3,000).

53 (2) Any tax credit claimed under this section but not used
54 in any taxable year may be carried forward for five (5)
55 consecutive years from the close of the tax year in which the
56 credits were earned; however, if the permanent business enterprise
57 is located in an area that has been declared by the Governor to be
58 a disaster area and as a direct result of the disaster the
59 business enterprise is unable to use the existing carryforward,
60 the commissioner may extend the period that the credit may be
61 carried forward for a period of time not to exceed two (2) years.
62 The credit that may be utilized each year shall be limited to an
63 amount not greater than the total state income tax liability of
64 the permanent business enterprise and the state income tax

65 liability of any member of the affiliated group that includes such
66 enterprise that is generated by, or arises out of, the project.

67 (3) The tax credits provided for in this section shall be in
68 lieu of the tax credits provided for in Section 57-73-21 and any
69 permanent business enterprise or any member of the affiliated
70 group that includes such enterprise utilizing the tax credit
71 authorized in this section shall not utilize the tax credit
72 authorized in Section 57-73-21.

73 (4) As used in this section:

74 (a) "Project" means a project as defined in Section
75 57-75-5(f)(iv).

76 (b) "Affiliated group" means one or more corporations
77 connected through stock ownership with a common parent corporation
78 where at least eighty percent (80%) of the voting power of all
79 classes of stock and at least eighty percent (80%) of each class
80 of the nonvoting stock of each of the member corporations, except
81 the common parent corporation, is directly owned by one or more of
82 the other member corporations; and the common parent corporation
83 directly owns stock possessing at least eighty percent (80%) of
84 the voting power of all classes of stock and at least eighty
85 percent (80%) of each class of the nonvoting stock of at least one
86 (1) of the other member corporations. As used in this subsection,
87 the term "stock" does not include nonvoting stock that is limited
88 and preferred as to dividends.

89 **SECTION 2.** This act shall take effect and be in force from
90 and after July 1, 2007.