

By: Representatives Shows, Reynolds, Moak

To: Forestry; Ways and Means

COMMITTEE SUBSTITUTE
FOR
HOUSE BILL NO. 1628

1 AN ACT TO AMEND SECTION 27-7-22.15, MISSISSIPPI CODE OF 1972,
2 TO CLARIFY THE INCOME TAX CREDIT FOR ELIGIBLE OWNERS FOR APPROVED
3 REFORESTATION PRACTICES FOR ELIGIBLE TREE SPECIES ON ELIGIBLE
4 LANDS AND TO INCREASE THE MAXIMUM DOLLAR AMOUNT OF THE CREDIT THAT
5 AN ELIGIBLE OWNER MAY UTILIZE DURING HIS LIFETIME; AND FOR RELATED
6 PURPOSES.

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

8 **SECTION 1.** Section 27-7-22.15, Mississippi Code of 1972, is
9 amended as follows:

10 27-7-22.15. (1) As used in this section, the following
11 words and phrases shall have the meanings ascribed to herein
12 unless the context clearly indicates otherwise:

13 (a) "Approved reforestation practices" means the
14 following practices for establishing a crop of trees suitable for
15 manufacturing into forest products:

16 (i) "Pine and hardwood tree planting practices"
17 including the cost of seedlings, planting by hand or machine, and
18 site preparation.

19 (ii) "Mixed-stand regeneration practices" to
20 establish a mixed-crop of pine and hardwood trees by planting or
21 direct seeding, or both, including the cost of seedlings,
22 seed/acorns, planting, seeding and site preparation.

23 (iii) "Direct seeding practices" to establish a
24 crop of pine or oak trees by directly applying seed/acorns to the
25 site including the cost of seed/acorns, seeding and site
26 preparation.

27 (iv) "Post-planting site preparation practices" to
28 reduce or control undesirable competition within the first growing
29 season of an established crop of trees.

30 Approved reforestation practices shall not include the
31 establishment of orchards, Christmas trees or ornamental trees.

32 (b) "Eligible tree species" means pine and hardwood
33 commercial tree species suitable for manufacturing into forest
34 products.

35 (c) "Cost-share assistance" means partial financial
36 payment for approved reforestation practices from the state
37 government as authorized under Sections 49-19-201 through
38 49-19-227, or the federal government.

39 (d) "Eligible owner" means a private individual, group
40 or association, but the term shall not mean private corporations
41 which manufacture products or provide public utility services of
42 any type or any subsidiary of such corporations.

43 (e) "Eligible lands" means nonindustrial private lands
44 owned by a private individual, group or association, but shall not
45 mean lands owned by private corporations which manufacture
46 products or provide public utility services of any type or any
47 subsidiary of such corporations.

48 (f) "Reforestation prescription or plan" means a
49 written description of the approved reforestation practices that
50 the eligible owner plans to use and includes a legal description
51 and map of the area to be reforested, a list of the tree seedling
52 or seed species to be used in the reforestation and the site
53 preparation practices that will be utilized.

54 (2) Subject to the limitations provided in subsection (3) of
55 this section, upon submission to the State Tax Commission of the
56 written verification provided for in subsection (5) of this
57 section and such other documentation as the State Tax Commission
58 may require, any eligible owner who incurs costs for approved
59 reforestation practices for eligible tree species on eligible
60 lands shall be allowed a credit, in an amount equal to the lesser
61 of fifty percent (50%) of the actual costs of the approved
62 reforestation practices or fifty percent (50%) of the average cost

63 of approved practices as established by the Mississippi Forestry
64 Commission under Section 49-19-219, against the taxes imposed
65 pursuant to this chapter for the tax year in which the costs are
66 incurred.

67 (3) The maximum amount of the credit provided for in
68 subsection (2) of this section that may be utilized in any one (1)
69 taxable year shall not exceed the lesser of Ten Thousand Dollars
70 (\$10,000.00) or the amount of income tax imposed upon the eligible
71 owner for the taxable year reduced by the sum of all other credits
72 allowable to the eligible owner under this chapter, except credit
73 for tax payments made by or on behalf of the eligible owner. Any
74 unused portion of the credit may be carried forward for succeeding
75 tax years. The maximum dollar amount of the credit provided for
76 in subsection (2) of this section that an eligible owner may
77 utilize during his lifetime shall be Seventy-five Thousand Dollars
78 (\$75,000.00) in the aggregate.

79 (4) If an eligible owner receives any state or federal cost
80 share assistance funds to defray the cost of an approved
81 reforestation practice, the cost of that practice on the same acre
82 or acres within the same tax year is not eligible for the credit
83 provided in this section unless the eligible owner's adjusted
84 gross income is less than the federal earned income credit level.

85 (5) To be eligible for the tax credit, an eligible owner
86 must have a reforestation prescription or plan prepared for the
87 eligible lands by a graduate forester of a college, school or
88 university accredited by the Society of American Foresters or by a
89 registered forester under the Foresters Registration Law of 1977.
90 The forester must verify in writing that the reforestation
91 practices were completed and that the reforestation prescription
92 or plan was followed.

93 **SECTION 2.** This act shall take effect and be in force from
94 and after January 1, 2007.