MISSISSIPPI LEGISLATURE   REGULAR SESSION 2007

By: Senator(s) Robertson, Butler, Dearing,   To: Finance
Fillingane, Frazier, Gollott, Harden, Hewes,
Jackson (11th), Jordan, Walls, White

COMMITTEE SUBSTITUTE
FOR
SENATE BILL NO. 2525

 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
 3   THE PERIOD OF TIME WITHIN WHICH THE JOBS TAX CREDIT MAY BE
 4   UTILIZED BY CERTAIN PERMANENT BUSINESS ENTERPRISES THAT ARE UNABLE
 5   TO MAINTAIN THE REQUIRED NUMBER OF JOBS AS A DIRECT RESULT OF
 6   CERTAIN DISASTERS; TO AUTHORIZE THE CHAIRMAN OF THE STATE TAX
 7   COMMISSION TO WAIVE THE REQUIREMENT THAT A CERTAIN NUMBER OF JOBS
 8   BE MAINTAINED BY SUCH SUPPLIERS AND EXTEND THE CARRYFORWARD PERIOD
 9   OF 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.

S. B. No. 2525   * SS02/ R792CS*
07/SS02/R792CS   ST: Jobs tax credit for permanent businesses;
PAGE 3   the Chairman of the Tax Commission may extend
                        time periods in the event of a disaster.