

**Adopted  
COMMITTEE AMENDMENT NO 1 PROPOSED TO**

**House Bill No. 1727**

**BY: Committee**

**Amend by striking all after the enacting clause and inserting  
in lieu thereof the following:**

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

14                   (a) "Adjusted purchase price" means the investment in  
15 the qualified community development entity for the qualified  
16 equity investment, substantially all of the proceeds of which are  
17 used to make qualified low-income community investments in  
18 Mississippi.

19           For the purposes of calculating the amount of qualified  
20 low-income community investments held by a qualified community  
21 development entity, an investment will be considered held by a  
22 qualified community development entity even if the investment has  
23 been sold or repaid; provided that the qualified community  
24 development entity reinvests an amount equal to the capital  
25 returned to or recovered by the qualified community development  
26 entity from the original investment, exclusive of any profits  
27 realized, in another qualified low-income community investment in  
28 Mississippi within twelve (12) months of the receipt of such  
29 capital. A qualified community development entity will not be  
30 required to reinvest capital returned from the qualified  
31 low-income community investments after the sixth anniversary of

32 the issuance of the qualified equity investment, the proceeds of  
33 which were used to make the qualified low-income community  
34 investment, and the qualified low-income community investment will  
35 be considered held by the qualified community development entity  
36 through the seventh anniversary of the qualified equity  
37 investment's issuance.

38 (b) "Applicable percentage" means one and one-half  
39 percent (1-1/2%) for each of the second through seventh credit  
40 allowance dates.

41 (c) "Credit allowance date" means, with respect to any  
42 qualified equity investment:

43 (i) The date upon which the investment is  
44 initially made; and

45 (ii) Each of the subsequent six (6) anniversary  
46 dates of the date upon which the investment is initially made.

47 (d) "Qualified community development entity" shall have  
48 the meaning ascribed to such term in Section 45D of the Internal  
49 Revenue Code of 1986, as amended, if the entity has entered into  
50 an Allocation Agreement with the Community Development Financial  
51 Institutions Fund of the United States Department of the Treasury  
52 with respect to credits authorized by Section 45D of the Internal  
53 Revenue Code of 1986, as amended.

54 (e) "Qualified active low-income community business"  
55 shall have the meaning ascribed to such term in Section 45D of the  
56 Internal Revenue Code of 1986, as amended.

57 (f) "Qualified equity investment" shall have the  
58 meaning ascribed to such term in Section 45D of the Internal  
59 Revenue Code of 1986, as amended; if such investment also:

60 (i) Is acquired after January 1, 2007, at its  
61 original issuance solely in exchange for cash; and

62 (ii) Has been allocated by the Mississippi  
63 Development Authority.

64           (g) "Qualified low-income community investment" shall  
65 have the meaning ascribed to such term in Section 45D of the  
66 Internal Revenue Code of 1986, as amended; however, the maximum  
67 amount of qualified low-income community investments issued for a  
68 single qualified active low-income community business, on an  
69 aggregate basis with all of its affiliates, that may be included  
70 for purposes of allocating any credits under this section shall  
71 not exceed Ten Million Dollars (\$10,000,000.00), in the aggregate,  
72 whether issued by one (1) or several qualified community  
73 development entities.

74           (2) A taxpayer that holds a qualified equity investment on  
75 the credit allowance date of the qualified equity investment shall  
76 be entitled to a credit applicable against the taxes imposed by  
77 Section 27-7-5 during the taxable year that includes the credit  
78 allowance date. The amount of the credit shall be equal to the  
79 applicable percentage of the adjusted purchase price paid to the  
80 qualified community development entity for the qualified equity  
81 investment. The amount of the credit that may be utilized in any  
82 one tax year shall be limited to an amount not greater than the  
83 total income tax liability of the taxpayer. The credit shall not  
84 be refundable or transferable. Any unused portion of the credit  
85 may be carried forward for seven (7) taxable years beyond the last  
86 credit allowance date. The maximum aggregate amount of qualified  
87 equity investments that may be allocated by the Mississippi  
88 Development Authority may not exceed an amount that would result  
89 in taxpayers claiming in any one state fiscal year credits in  
90 excess of Fifteen Million Dollars (\$15,000,000.00), exclusive of  
91 credits that might be carried forward from previous taxable years.  
92 The Mississippi Development Authority shall allocate credits  
93 within this limit as provided for in subsection (4) of this  
94 section.

95           (3) Tax credits authorized by this section that are earned  
96 by a partnership, limited liability company, S-corporation or  
97 other similar pass-through entity, may be allocated to the  
98 partners, members or shareholders of such entity in accordance  
99 with the provisions of any agreement of the partners, members or  
100 shareholders.

101           (4) The qualified community development entity shall apply  
102 for credits with the Mississippi Development Authority on forms  
103 prescribed by the Mississippi Development Authority. In the  
104 application the qualified community development entity shall  
105 certify to the Mississippi Development Authority the anticipated  
106 dollar amount of the qualified equity investments to be made in  
107 this state during the first twelve-month period following the  
108 initial credit allowance date. The Mississippi Development  
109 Authority shall allocate credits based on the anticipated dollar  
110 amount of qualified equity investments as certified in the  
111 application. Once the Mississippi Development Authority has  
112 allocated credits to a qualified community development entity,  
113 such entity shall have fifteen (15) days from the date of such  
114 allocation to issue the corresponding qualified equity  
115 investments. If the qualified equity investment is not issued  
116 within such time period, the allocation shall be cancelled and  
117 returned to the Mississippi Development Authority for  
118 reallocation. If on the second credit allowance date the actual  
119 dollar amount of the investments is lower than the amount  
120 estimated, the Mississippi Development Authority shall adjust the  
121 tax credit allowed under this section. The State Tax Commission  
122 may recapture all or a portion of the credit allowed under this  
123 section if:

124           (a) Any amount of federal tax credits available with  
125 respect to a qualified equity investment that is eligible for a

126 tax credit under this section is recaptured under Section 45D of  
127 the Internal Revenue Code of 1986, as amended;

128 (b) The qualified community development entity redeems  
129 or makes any principal repayment with respect to a qualified  
130 equity investment prior to the seventh anniversary of the issuance  
131 of the qualified equity investment; or

132 (c) The qualified community development entity fails to  
133 maintain at least eighty-five percent (85%) of the proceeds of the  
134 qualified equity investment in qualified low-income community  
135 investments in Mississippi at any time prior to the seventh  
136 anniversary of the issuance of the qualified equity investment.

137 Any credits that are subject to recapture under this  
138 subsection shall be recaptured from the taxpayer that actually  
139 claimed the credit.

140 (5) Each qualified community development entity that  
141 receives qualified equity investments to make qualified low-income  
142 community investments in Mississippi must annually report to the  
143 Mississippi Development Authority, the North American Industry  
144 Classification System Code, the county, the dollars invested, the  
145 number of jobs assisted and the number of jobs assisted with wages  
146 over one hundred percent (100%) of the federal poverty level for a  
147 family of four (4) of each qualified low-income community  
148 investment.

149 (6) The Mississippi Development Authority shall file an  
150 annual report on all qualified low-income community investments  
151 with the Governor, the Clerk of the House of Representatives, the  
152 Secretary of the Senate and the Secretary of State describing the  
153 North American Industry Classification System Code, the county,  
154 the dollars invested, the number of jobs assisted and the number  
155 of jobs assisted with wages over one hundred percent (100%) of the  
156 federal poverty level for a family of four (4) of each qualified

157 low-income community investment. The annual report will be posted  
158 on the Mississippi Development Authority's Internet Web site.

159 (7) The Mississippi Development Authority shall promulgate  
160 rules and regulations to implement the provisions of this section.

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

**Further, amend by striking the title in its entirety and  
inserting in lieu thereof the following:**

1 AN ACT TO PROVIDE FOR AN INCOME TAX CREDIT FOR TAXPAYERS THAT  
2 PAY A QUALIFIED COMMUNITY DEVELOPMENT ENTITY FOR QUALIFIED EQUITY  
3 INVESTMENTS; TO PROVIDE THAT THE AMOUNT OF THE CREDIT SHALL BE  
4 EQUAL TO A CERTAIN PERCENTAGE OF THE ADJUSTED PURCHASE PRICE PAID  
5 TO THE QUALIFIED COMMUNITY DEVELOPMENT ENTITY FOR THE QUALIFIED  
6 EQUITY INVESTMENT; TO PROVIDE THAT THE MAXIMUM AGGREGATE AMOUNT OF  
7 THE CREDITS THAT MAY BE ALLOCATED TO ALL TAXPAYERS IN ANY ONE  
8 STATE FISCAL YEAR SHALL NOT EXCEED \$15,000,000.00 AND THAT THE  
9 CREDITS SHALL BE ALLOCATED BY THE MISSISSIPPI DEVELOPMENT  
10 AUTHORITY; TO PROVIDE FOR THE RECAPTURE OF ALL OR A PORTION OF THE  
11 CREDIT UNDER CERTAIN CIRCUMSTANCES; AND FOR RELATED PURPOSES.