

By: Representative Smith (39th)

To: Ways and Means

HOUSE BILL NO. 826

1 AN ACT TO BE KNOWN AS THE "STRENGTHENING MISSISSIPPI ACADEMIC
 2 RESEARCH THROUGH BUSINESS ACT"; TO DEFINE CERTAIN TERMS USED IN
 3 THE ACT; TO AUTHORIZE THE DEPARTMENT OF REVENUE TO ISSUE A REBATE
 4 TO AN INVESTOR THAT INCURS QUALIFIED RESEARCH EXPENSES PURSUANT TO
 5 A RESEARCH AGREEMENT WITH A STATE INSTITUTION OF HIGHER LEARNING
 6 OR RESEARCH CORPORATION; TO ESTABLISH THE MAXIMUM REBATE AMOUNT AN
 7 INVESTOR MAY CLAIM AND THE MAXIMUM AMOUNT OF REBATES WHICH THE
 8 STATE MAY PAY ANNUALLY; TO AUTHORIZE THE BOARD OF TRUSTEES OF
 9 STATE INSTITUTIONS OF HIGHER LEARNING AND THE DEPARTMENT OF
 10 REVENUE TO PROMULGATE RULES AND REGULATIONS FOR THE ADMINISTRATION
 11 OF THE ACT; TO REQUIRE THE BOARD OF TRUSTEES OF STATE INSTITUTIONS
 12 OF HIGHER LEARNING TO SUBMIT AN ANNUAL REPORT TO THE GOVERNOR AND
 13 LEGISLATURE ON REBATES ISSUED; AND FOR RELATED PURPOSES.

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

15 **SECTION 1.** This act shall be known and may be cited as the
 16 "Strengthening Mississippi Academic Research Through Business
 17 Act."

18 **SECTION 2.** As used in this act, the following words and
 19 phrases have the meanings ascribed in this section unless the
 20 context clearly indicates otherwise:

21 (a) "College" means the state institutions of higher
 22 learning in Mississippi which are accredited by the Southern
 23 Association of Colleges and Schools.



24 (b) "Investor" means a natural person, partnership,
25 limited liability company, association, corporation, business
26 trust or other business entity, not formed for the specific
27 purpose of acquiring the rebate offered, which is subject to
28 Mississippi income tax or franchise tax.

29 (c) "Qualified research" means the systematic
30 investigative process that is undertaken for the purpose of
31 discovering information. The term "qualified research" does not
32 include research conducted outside the State of Mississippi or
33 research to the extent funded by any grant, contract or otherwise
34 by another person or governmental entity.

35 (d) "Research agreement" means a written contract,
36 grant or cooperative agreement entered into between a person and a
37 college or research corporation for the performance of qualified
38 research; however, all qualified research costs generating a
39 rebate must be spent by the college or research corporation on
40 qualified research undertaken according to a research agreement.

41 (e) "Research corporation" means any research
42 corporation formed under Section 37-147-15 if the corporation is
43 wholly owned by a college and all income and profits of the
44 corporation inure to the benefit of the college.

45 (f) "Qualified research costs" means costs paid or
46 incurred by an investor to a college or research corporation for
47 qualified research undertaken according to a research agreement.



48 (g) "State" means the State of Mississippi or a
49 governmental entity of the State of Mississippi.

50 (h) "IHL" means the Board of Trustees of State
51 Institutions of Higher Learning in Mississippi.

52 (i) "SMART Business" means Strengthening Mississippi
53 Academic Research Through Business.

54 **SECTION 3.** (1) (a) Subject to the provisions of this act,
55 an investor incurring qualified research costs subject to a
56 research agreement is eligible for a rebate equal to twenty-five
57 percent (25%) of the investor's qualified research costs.

58 (b) An investor incurring research costs may not claim
59 a rebate pursuant to this act greater than One Million Dollars
60 (\$1,000,000.00) in any fiscal year.

61 (c) The total amount of rebates issued under this act
62 by the state in any fiscal year may not exceed Five Million
63 Dollars (\$5,000,000.00).

64 (2) Investors desiring to apply for the rebate authorized by
65 this act shall submit an application to IHL which must contain, at
66 a minimum, the following:

67 (a) A description of the qualified research to be
68 conducted by the college or research corporation;

69 (b) A proposed budget;

70 (c) An estimated date for completion of the qualified
71 research; and



72 (d) Such additional information as may be requested by
73 IHL.

74 (3) IHL shall review each application to determine if the
75 investor has satisfied all of the requirements of this section.

76 (4) Within sixty (60) days of receiving an application, IHL
77 shall issue or refuse to issue a SMART Business certificate. The
78 SMART Business certificate must include the amount of the rebate
79 the investor is eligible to claim, subject to subsection (1) of
80 this section. IHL must notify the Department of Revenue when a
81 SMART Business certificate is issued.

82 (5) To claim a rebate, the investor must submit a rebate
83 allocation claim to the Department of Revenue. The rebate
84 allocation claim must include, at a minimum, the SMART Business
85 certificate issued by IHL and proof of payment to the college or
86 research corporation for qualified research conducted according to
87 the research agreement.

88 (6) The Department of Revenue may request an audit from the
89 investor submitting a rebate allocation claim, at the investor's
90 expense, to verify the investor has satisfied the requirements of
91 this act.

92 (7) The Department of Revenue shall issue rebates available
93 under this section from current income tax collections.

94 (8) Rebates must be allocated to investors by the Department
95 of Revenue in the order that SMART Business certificates are
96 issued by IHL.



97 **SECTION 4.** IHL and the Department of Revenue each may
98 promulgate, in accordance with the Mississippi Administrative
99 Procedures Law, rules and regulations, application forms and any
100 other forms necessary for the implementation and administration of
101 this act.

102 **SECTION 5.** Before December 1 of each year, IHL shall file a
103 report with the Governor, Secretary of the Senate and Clerk of the
104 House of Representatives on the implementation of the
105 Strengthening Mississippi Academic Research Through Business Act.
106 For each research agreement where an investor was issued a SMART
107 Business certificate during that year, the report must include,
108 but not necessarily be limited to, the name of the investor and
109 the rebate amount the investor was eligible to claim.

110 **SECTION 6.** This act shall take effect and be in force from
111 and after July 1, 2013.

