

By: Representative Miles

To: Ways and Means

HOUSE BILL NO. 7

1 AN ACT TO AUTHORIZE AN INCOME TAX CREDIT FOR SMALL BUSINESS  
 2 ENTERPRISES THAT CREATE NEW FULL-TIME JOBS; TO PROVIDE FOR THE  
 3 AMOUNT OF THE CREDIT; TO PROVIDE THAT A SMALL BUSINESS ENTERPRISE  
 4 MUST INCREASE EMPLOYMENT BY AT LEAST 10 PERCENT IN ORDER TO BE  
 5 ELIGIBLE FOR THE TAX CREDIT; TO PROVIDE THAT A TAX CREDIT CLAIMED  
 6 UNDER THIS ACT BUT NOT USED IN A TAXABLE YEAR MAY BE CARRIED  
 7 FORWARD FOR FIVE YEARS FROM THE CLOSE OF THE TAX YEAR IN WHICH THE  
 8 QUALIFIED JOBS WERE CREATED; AND FOR RELATED PURPOSES.

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

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

13 (a) "Full-time job" means a job of at least thirty-five  
 14 (35) hours per week.

15 (b) "Small business enterprise" means a commercial  
 16 enterprise with not more than fifty (50) employees.

17 (c) "Tier One areas" means counties designated as Tier  
 18 One areas pursuant to Section 57-73-21.

19 (d) "Tier Two areas" means counties designated as Tier  
 20 Two areas pursuant to Section 57-73-21.



21 (e) "Tier Three areas" means counties designated as  
22 Tier Three areas pursuant to Section 57-73-21.

23 (2) Small business enterprises in counties designated as  
24 Tier Three areas are allowed a job tax credit for taxes imposed by  
25 Section 27-7-5 equal to ten percent (10%) of the payroll of the  
26 enterprise for net new full-time jobs for five (5) years beginning  
27 with years two (2) through six (6) after the creation of the  
28 minimum number of jobs required by this subsection; however, if  
29 the small business enterprise is located in an area that has been  
30 declared by the Governor to be a disaster area and as a direct  
31 result of the disaster the small business enterprise is unable to  
32 maintain the required number of jobs, the Commissioner of Revenue  
33 may extend this time period for not more than two (2) years. The  
34 number of new full-time jobs must be determined by comparing the  
35 monthly average number of full-time employees subject to  
36 Mississippi income tax withholding for the taxable year with the  
37 corresponding period of the prior taxable year. Only those small  
38 business enterprises that increase employment by ten percent (10%)  
39 or more are eligible for the credit. A small business enterprise  
40 awarded a credit under this subsection shall be eligible to  
41 receive the credit during the five (5) years regardless of whether  
42 after the increase in employment for which the credit was awarded,  
43 the business enterprise has more than fifty (50) employees.  
44 However, credit is not allowed during any of the five (5) years if  
45 the net employment increase falls below ten percent (10%). The



46 Department of Revenue shall adjust the credit allowed each year  
47 for the net new employment fluctuations above the minimum level of  
48 ten percent (10%).

49 (3) Small business enterprises in counties designated as  
50 Tier Two areas are allowed a job tax credit for taxes imposed by  
51 Section 27-7-5 equal to five percent (5%) of the payroll of the  
52 enterprise for net new full-time jobs for five (5) years beginning  
53 with years two (2) through six (6) after the creation of the  
54 minimum number of jobs required by this subsection; however, if  
55 the small business enterprise is located in an area that has been  
56 declared by the Governor to be a disaster area and as a direct  
57 result of the disaster the small business enterprise is unable to  
58 maintain the required number of jobs, the Commissioner of Revenue  
59 may extend this time period for not more than two (2) years. The  
60 number of new full-time jobs must be determined by comparing the  
61 monthly average number of full-time employees subject to  
62 Mississippi income tax withholding for the taxable year with the  
63 corresponding period of the prior taxable year. Only those small  
64 business enterprises that increase employment by ten percent (10%)  
65 or more are eligible for the credit. A small business enterprise  
66 awarded a credit under this subsection shall be eligible to  
67 receive the credit during the five (5) years regardless of whether  
68 after the increase in employment for which the credit was awarded,  
69 the business enterprise has more than fifty (50) employees.  
70 However, the credit is not allowed during any of the five (5)



71 years if the net employment increase falls below ten percent  
72 (10%). The Department of Revenue shall adjust the credit allowed  
73 each year for the net new employment fluctuations above the  
74 minimum level of ten percent (10%).

75 (4) Small business enterprises in counties designated as  
76 Tier One areas are allowed a job tax credit for taxes imposed by  
77 Section 27-7-5 equal to two and one-half percent (2.5%) of the  
78 payroll of the enterprise for net new full-time jobs for five (5)  
79 years beginning with years two (2) through six (6) after the  
80 creation of the minimum number of jobs required by this  
81 subsection; however, if the small business enterprise is located  
82 in an area that has been declared by the Governor to be a disaster  
83 area and as a direct result of the disaster the small business  
84 enterprise is unable to maintain the required number of jobs, the  
85 Commissioner of Revenue may extend this time period for not more  
86 than two (2) years. The number of new full-time jobs must be  
87 determined by comparing the monthly average number of full-time  
88 employees subject to Mississippi income tax withholding for the  
89 taxable year with the corresponding period of the prior taxable  
90 year. Only those small business enterprises that increase  
91 employment by ten percent (10%) or more are eligible for the  
92 credit. A small business enterprise awarded a credit under this  
93 subsection shall be eligible to receive the credit during the five  
94 (5) years regardless of whether after the increase in employment  
95 for which the credit was awarded, the business enterprise has more



96 than fifty (50) employees. However, the credit is not allowed  
97 during any of the five (5) years if the net employment increase  
98 falls below ten percent (10%). The Department of Revenue shall  
99 adjust the credit allowed each year for the net new employment  
100 fluctuations above the minimum level of ten percent (10%).

101 (5) Tax credits for five (5) years for the taxes imposed by  
102 Section 27-7-5 shall be awarded for increases in the annual  
103 payroll for net new full-time jobs created by small business  
104 enterprises qualified under this section. The Department of  
105 Revenue shall adjust the credit allowed in the event of payroll  
106 fluctuations during the additional five (5) years of credit.

107 (6) (a) The sale, merger, acquisition, reorganization,  
108 bankruptcy or relocation from one (1) county to another county  
109 within the state of any small business enterprise may not create  
110 new eligibility in any succeeding business entity, but any unused  
111 job tax credit may be transferred and continued by any transferee  
112 of the business enterprise. The Department of Revenue shall  
113 determine whether or not qualifying net increases or decreases  
114 have occurred or proper transfers of credit have been made and may  
115 require reports, promulgate regulations, and hold hearings as  
116 needed for substantiation and qualification.

117 (b) This subsection shall not apply in cases in which a  
118 business enterprise has ceased operation, laid off all its  
119 employees and is subsequently acquired by another unrelated  
120 business entity that continues operation of the enterprise in the



121 same or a similar type of business. In such a case the succeeding  
122 business entity shall be eligible for the credit authorized by  
123 this section unless the cessation of operation of the business  
124 enterprise was for the purpose of obtaining new eligibility for  
125 the credit.

126 (7) Any tax credit claimed under this section but not used  
127 in any taxable year may be carried forward for five (5) years from  
128 the close of the tax year in which the qualified jobs were  
129 established, but the credit established by this section taken in  
130 any one (1) tax year must be limited to an amount not greater than  
131 fifty percent (50%) of the taxpayer's state income tax liability  
132 which is attributable to income derived from operations in the  
133 state for that year. If the small business enterprise is located  
134 in an area that has been declared by the Governor to be a disaster  
135 area and as a direct result of the disaster the business  
136 enterprise is unable to use the existing carryforward, the  
137 Commissioner of Revenue may extend the period that the credit may  
138 be carried forward for a period of time not to exceed two (2)  
139 years.

140 (8) No business enterprise for the transportation, handling,  
141 storage, processing or disposal of hazardous waste is eligible to  
142 receive the tax credits provided in this section.

143 (9) The credits allowed under this section shall not be used  
144 by any business enterprise or corporation other than the business  
145 enterprise actually qualifying for the credits.



146           (10) A small business enterprise desiring to claim a credit  
147 under this subsection must submit an application for such credit  
148 with the Department of Revenue in a manner prescribed by the  
149 department.

150           **SECTION 2.** This act shall take effect and be in force from  
151 and after January 1, 2018.

