

By: Representative Eubanks

To: Ways and Means

HOUSE BILL NO. 1454

1 AN ACT TO BE KNOWN AS THE REGULATORY SANDBOX PILOT PROGRAM
2 INCENTIVE ACT; TO AUTHORIZE THE ISSUANCE OF STATE GENERAL
3 OBLIGATION BONDS TO PROVIDE FUNDS TO OFFSET A PORTION OF THE COSTS
4 OF FEDERAL AND STATE REGULATORY BURDENS IMPOSED ON APPLICANTS THAT
5 ARE APPROVED FOR PARTICIPATION IN THE REGULATORY SANDBOX PILOT
6 PROGRAM ADMINISTERED BY THE MISSISSIPPI DEVELOPMENT AUTHORITY
7 (MDA); TO CREATE NEW SECTION 27-7-22.42, MISSISSIPPI CODE OF 1972,
8 TO AUTHORIZE AN INCOME TAX CREDIT FOR APPLICANTS APPROVED BY MDA
9 FOR PARTICIPATION IN THE REGULATORY SANDBOX PILOT PROGRAM WHO
10 INCUR COSTS OF FEDERAL AND STATE REGULATORY BURDENS; AND FOR
11 RELATED PURPOSES.

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

13 **SECTION 1.** This act shall be known and may be cited as the
14 "Regulatory Sandbox Pilot Program Incentive Act."

15 **SECTION 2.** (1) As used in this section, the following words
16 shall have the meanings as defined in this subsection unless the
17 context clearly requires otherwise:

18 (a) "Applicant" means an entity whose application to
19 participate in the Regulatory Sandbox Pilot Program is approved by
20 MDA in accordance with the provisions of this act.

21 (b) "Commission" means the State Bond Commission.

22 (c) "MDA" means the Mississippi Development Authority.



(d) "Program" mean the Regulatory Sandbox Pilot Program administered by MDA.

(e) "Special fund" means the Regulatory Sandbox Pilot Program Incentive Fund.

(f) "State" means the State of Mississippi.

(2) (a) A special fund to be designated as the "Regulatory Sandbox Pilot Program Incentive Fund" is created within the State Treasury. The fund shall be maintained by the State Treasurer as a separate and special fund, separate and apart from the General Fund of the state. Unexpended amounts remaining in the fund at the end of a fiscal year shall not lapse into the State General Fund, and any interest earned or investment earnings on amounts in the fund shall be deposited into the fund.

(b) MDA may use not more than twenty-five percent (25%) of the monies in the special fund for the purposes of:

(i) Reviewing state laws and regulations that may unnecessarily inhibit the creation and success of new companies or industries and providing recommendations to the Governor and the Legislature on modifying those state laws and regulations; and

(ii) Creating a framework for analyzing the risk level to the health, safety, and financial well-being of consumers related to permanently removing or temporarily waiving laws and regulations that may unnecessarily inhibit the creation and success of new companies or industries.



47 (c) Monies in the special fund shall be disbursed, in
48 the discretion of MDA, to offset a portion of the costs of federal
49 and state regulatory burdens imposed on applicants that are
50 approved for participation in the Regulatory Sandbox Pilot
51 Program. In determining qualifications of an applicant to
52 participate in the program, MDA shall consider the following
53 factors:

54 (i) The compliance costs, as calculated in
55 monetary terms, of the overall regulatory burden imposed on the
56 applicant and defined as any statement or instrument of general
57 application, having the force of law, affecting the rights or
58 conduct of any person or business. Such statements or instruments
59 include administrative rules adopted in accordance with the
60 Mississippi Administrative Procedures Law and any guidance
61 document that includes a regulatory requirement;

62 (ii) Whether the regulatory burden imposed on the
63 applicant is essential to the health, safety or welfare of
64 Mississippi citizens;

65 (iii) Whether the regulatory burden imposed on the
66 applicant is as least restrictive as necessary to protect
67 consumers from present, significant and substantiated harms that
68 threaten public health and safety; and

69 (iv) The capacity of the applicant to temporarily
70 test an innovative product or service on a limited basis without



otherwise being licensed or authorized to act under the laws of the state or made to comply with any other regulatory burdens.

(d) Promptly after MDA has certified, by resolution duly adopted, that it has disbursed amounts in the special fund to all approved applicants, any amounts remaining in the special fund shall be applied to pay debt service on the bonds issued under this section, in accordance with the proceedings authorizing the issuance of such bonds and as directed by the commission.

(3) (a) The commission, at one time, or from time to time, may declare by resolution the necessity for issuance of general obligation bonds of the State of Mississippi to provide funds for all costs incurred or to be incurred for the purposes described in subsection (2) of this section. Upon the adoption of a resolution by MDA, declaring the necessity for the issuance of any part or all of the general obligation bonds authorized by this subsection, MDA shall deliver a certified copy of its resolution or resolutions to the commission. Upon receipt of such resolution, the commission, in its discretion, may act as the issuing agent, prescribe the form of the bonds, determine the appropriate method for sale of the bonds, advertise for and accept bids or negotiate the sale of the bonds, issue and sell the bonds so authorized to be sold, and do any and all other things necessary and advisable in connection with the issuance and sale of such bonds. The total amount of bonds issued under this section shall not exceed One



Million Dollars (\$1,000,000.00), and no bonds shall be issued under this section after July 1, 2025.

(b) Any investment earnings on amounts deposited into the special fund shall be used to pay debt service on bonds issued under this section, in accordance with the proceedings authorizing issuance of such bonds.

(4) The principal of and interest on the bonds authorized under this section shall be payable in the manner provided in this subsection. Such bonds shall bear such date or dates, be in such denomination or denominations, bear interest at such rate or rates (not to exceed the limits set forth in Section 75-17-101, Mississippi Code of 1972), be payable at such place or places within or without the State of Mississippi, shall mature absolutely at such time or times not to exceed twenty-five (25) years from date of issue, be redeemable before maturity at such time or times and upon such terms, with or without premium, shall bear such registration privileges, and shall be substantially in such form, all as shall be determined by resolution of the commission.

(5) The bonds authorized by this section shall be signed by the chairman of the commission, or by his facsimile signature, and the official seal of the commission shall be affixed thereto, attested by the secretary of the commission. The interest coupons, if any, to be attached to such bonds may be executed by the facsimile signatures of such officers. Whenever any such



bonds shall have been signed by the officials designated to sign the bonds who were in office at the time of such signing but who may have ceased to be such officers before the sale and delivery of such bonds, or who may not have been in office on the date such bonds may bear, the signatures of such officers upon such bonds and coupons shall nevertheless be valid and sufficient for all purposes and have the same effect as if the person so officially signing such bonds had remained in office until their delivery to the purchaser, or had been in office on the date such bonds may bear. However, notwithstanding anything herein to the contrary, such bonds may be issued as provided in the Registered Bond Act of the State of Mississippi.

(6) All bonds and interest coupons issued under the provisions of this section have all the qualities and incidents of negotiable instruments under the provisions of the Uniform Commercial Code, and in exercising the powers granted by this section, the commission shall not be required to and need not comply with the provisions of the Uniform Commercial Code.

(7) The commission shall act as the issuing agent for the bonds authorized under this section, prescribe the form of the bonds, determine the appropriate method for sale of the bonds, advertise for and accept bids or negotiate the sale of the bonds, issue and sell the bonds so authorized to be sold, pay all fees and costs incurred in such issuance and sale, and do any and all other things necessary and advisable in connection with the



145 issuance and sale of such bonds. The commission is authorized and
146 empowered to pay the costs that are incident to the sale, issuance
147 and delivery of the bonds authorized under this section from the
148 proceeds derived from the sale of such bonds. The commission may
149 sell such bonds on sealed bids at public sale or may negotiate the
150 sale of the bonds for such price as it may determine to be for the
151 best interest of the State of Mississippi. All interest accruing
152 on such bonds so issued shall be payable semiannually or annually.

153 If such bonds are sold by sealed bids at public sale, notice
154 of the sale of any such bonds shall be published at least one
155 time, not less than ten (10) days before the date of sale, and
156 shall be so published in one or more newspapers published or
157 having a general circulation in the City of Jackson, Mississippi,
158 selected by the commission.

159 The commission, when issuing any bonds under the authority of
160 this section, may provide that bonds, at the option of the State
161 of Mississippi, may be called in for payment and redemption at the
162 call price named therein and accrued interest on such date or
163 dates named therein.

164 (8) The bonds issued under the provisions of this section
165 are general obligations of the State of Mississippi, and for the
166 payment thereof the full faith and credit of the State of
167 Mississippi is irrevocably pledged. If the funds appropriated by
168 the Legislature are insufficient to pay the principal of and the
169 interest on such bonds as they become due, then the deficiency



shall be paid by the State Treasurer from any funds in the State Treasury not otherwise appropriated. All such bonds shall contain recitals on their faces substantially covering the provisions of this subsection.

(9) Upon the issuance and sale of bonds under the provisions of this section, the commission shall transfer the proceeds of any such sale or sales to the special fund. The proceeds of such bonds shall be disbursed solely upon the order of MDA under such restrictions, if any, as may be contained in the resolution providing for the issuance of the bonds.

(10) The bonds authorized under this section may be issued without any other proceedings or the happening of any other conditions or things other than those proceedings, conditions and things which are specified or required by this section. Any resolution providing for the issuance of bonds under the provisions of this section shall become effective immediately upon its adoption by the commission, and any such resolution may be adopted at any regular or special meeting of the commission by a majority of its members.

(11) The bonds authorized under the authority of this section may be validated in the Chancery Court of the First Judicial District of Hinds County, Mississippi, in the manner and with the force and effect provided by Chapter 13, Title 31, Mississippi Code of 1972, for the validation of county, municipal, school district and other bonds. The notice to taxpayers required



by such statutes shall be published in a newspaper published or
having a general circulation in the City of Jackson, Mississippi.

(12) Any holder of bonds issued under the provisions of this
section or of any of the interest coupons pertaining thereto may,
either at law or in equity, by suit, action, mandamus or other
proceeding, protect and enforce any and all rights granted under
this section, or under such resolution, and may enforce and compel
performance of all duties required by this section to be
performed, in order to provide for the payment of bonds and
interest thereon.

(13) All bonds issued under the provisions of this section
shall be legal investments for trustees and other fiduciaries, and
for savings banks, trust companies and insurance companies
organized under the laws of the State of Mississippi, and such
bonds shall be legal securities which may be deposited with and
shall be received by all public officers and bodies of this state
and all municipalities and political subdivisions for the purpose
of securing the deposit of public funds.

(14) Bonds issued under the provisions of this section and
income therefrom shall be exempt from all taxation in the State of
Mississippi.

(15) The proceeds of the bonds issued under this section
shall be used solely for the purposes herein provided, including
the costs incident to the issuance and sale of such bonds.



219 (16) The State Treasurer is authorized, without further
220 process of law, to certify to the Department of Finance and
221 Administration the necessity for warrants, and the Department of
222 Finance and Administration is authorized and directed to issue
223 such warrants, in such amounts as may be necessary to pay when due
224 the principal of, premium, if any, and interest on, or the
225 accreted value of, all bonds issued under this section; and the
226 State Treasurer shall forward the necessary amount to the
227 designated place or places of payment of such bonds in ample time
228 to discharge such bonds, or the interest thereon, on the due dates
229 thereof. For the purposes of this subsection, the term "accreted
230 value" of any bond means, as of any date of computation, an amount
231 equal to the sum of (a) the stated initial value of such bond,
232 plus (b) the interest accrued thereon from the issue date to the
233 date of computation at the rate, compounded semiannually, that is
234 necessary to produce the approximate yield to maturity shown for
235 bonds of the same maturity.

236 (17) This section shall be deemed to be full and complete
237 authority for the exercise of the powers herein granted, but this
238 section shall not be deemed to repeal or to be in derogation of
239 any existing law of this state.

240 **SECTION 3.** The following shall be codified as Section
241 27-7-22.42, Mississippi Code of 1972:

242 27-7-22.42. (1) Subject to written authorization by MDA,
243 upon submission to the Department of Revenue of that written



244 authorization and such other documentation as the department may
245 require, an applicant approved by MDA for participation in the
246 Regulatory Sandbox Pilot Program who incurs costs of federal and
247 state regulatory burdens shall be allowed a credit against the
248 income taxes imposed by this chapter in an amount provided in this
249 section.

250 (2) The maximum amount of the tax credit authorized in this
251 section that may be used in any one (1) taxable year shall not
252 exceed the lesser of Twenty Thousand Dollars (\$20,000.00) or fifty
253 percent (50%) of the applicant's tax liability under this chapter
254 for the taxable year reduced by the sum of all other credits
255 allowable to the applicant, except credit for tax payments made by
256 or on behalf of the applicant. Any unused portion of the credit
257 may be carried forward for five (5) succeeding tax years.

258 (3) (a) The tax credit authorized in this section shall be
259 available only to a taxpayer who is a business enterprise engaged
260 in commercial, industrial or professional activities and operating
261 as a corporation, limited liability company, partnership or sole
262 proprietorship. Except as otherwise provided in this section, a
263 credit is allowed against the taxes imposed by Sections 27-7-5,
264 27-15-103, 27-15-109 and 27-15-123.

265 (b) Tax credits authorized by this section that are
266 earned by a partnership, limited liability company, S corporation
267 or other similar pass-through entity, shall be allocated among all
268 partners, members or shareholders, respectively, either in



269 proportion to their ownership interest in such entity or as the
270 partners, members or shareholders mutually agree as provided in an
271 executed document.

272 **SECTION 4.** This act shall take effect and be in force from
273 and after July 1, 2021.

