

## **Senate Amendments to House Bill No. 1685**

**TO THE CLERK OF THE HOUSE:**

**THIS IS TO INFORM YOU THAT THE SENATE HAS ADOPTED THE AMENDMENTS SET OUT BELOW:**

### **AMENDMENT NO. 1**

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

22           **SECTION 1.** (1) This section shall be known and may be cited  
23 as the "Pregnancy Resource Act."

24           (2) For the purposes of this section, the following words  
25 and phrases shall have the meanings ascribed in this section  
26 unless the context clearly indicates otherwise:

27                   (a) "Department" means the Department of Revenue.

28                   (b) "Eligible charitable organization" means an  
29 organization that is exempt from federal income taxation under  
30 Section 501(c)(3) of the Internal Revenue Code and is a pregnancy  
31 resource center or crisis pregnancy center eligible to receive  
32 funding disbursed by the Choose Life Advisory Committee under  
33 Section 27-19-56.70, 27-19-56.277 and/or 27-19-56.412.

34           (3) (a) The tax credit authorized in this section shall be  
35 available only to a taxpayer who is a business enterprise engaged  
36 in commercial, industrial or professional activities and operating  
37 as a corporation, limited liability company, partnership or sole  
38 proprietorship. Except as otherwise provided in this section, a

39 credit is allowed against the taxes imposed by Sections 27-7-5,  
40 27-15-103, 27-15-109 and 27-15-123, for voluntary cash  
41 contributions made by a taxpayer during the taxable year to an  
42 eligible charitable organization. For a taxpayer that is not  
43 operating as a corporation, a credit is also allowed against ad  
44 valorem taxes assessed and levied on real property for voluntary  
45 cash contributions made by the taxpayer during the taxable year to  
46 an eligible charitable organization. The amount of credit that  
47 may be utilized by a taxpayer in a taxable year shall be limited  
48 to (i) an amount not to exceed fifty percent (50%) of the total  
49 tax liability of the taxpayer for the taxes imposed by such  
50 sections of law and (ii) an amount not to exceed fifty percent  
51 (50%) of the total tax liability of the taxpayer for ad valorem  
52 taxes assessed and levied on real property. Any tax credit  
53 claimed under this section but not used in any taxable year may be  
54 carried forward for five (5) consecutive years from the close of  
55 the tax year in which the credits were earned.

56 (b) A contribution for which a credit is claimed under  
57 this section may not be used as a deduction by the taxpayer for  
58 state income tax purposes.

59 (4) Taxpayers taking a credit authorized by this section  
60 shall provide the name of the eligible charitable organization and  
61 the amount of the contribution to the department on forms provided  
62 by the department.

63 (5) An eligible charitable organization shall provide the  
64 department with a written certification that it meets all criteria

65 to be considered an eligible charitable organization. The  
66 organization shall also notify the department of any changes that  
67 may affect eligibility under this section.

68 (6) The eligible charitable organization's written  
69 certification must be signed by an officer of the organization  
70 under penalty of perjury. The written certification shall include  
71 the following:

72 (a) Verification of the organization's status under  
73 Section 501(c)(3) of the Internal Revenue Code;

74 (b) A statement that the organization does not provide,  
75 pay for or provide coverage of abortions and does not financially  
76 support any other entity that provides, pays for or provides  
77 coverage of abortions;

78 (c) Any other information that the department requires  
79 to administer this section.

80 (7) The department shall review each written certification  
81 and determine whether the organization meets all the criteria to  
82 be considered an eligible charitable organization and notify the  
83 organization of its determination. The department may also  
84 periodically request recertification from the organization. The  
85 department shall compile and make available to the public a list  
86 of eligible charitable organizations.

87 (8) Tax credits authorized by this section that are earned  
88 by a partnership, limited liability company, S corporation or  
89 other similar pass-through entity, shall be allocated among all  
90 partners, members or shareholders, respectively, either in

91 proportion to their ownership interest in such entity or as the  
92 partners, members or shareholders mutually agree as provided in an  
93 executed document.

94 (9) (a) A taxpayer shall apply for credits with the  
95 department on forms prescribed by the department. In the  
96 application the taxpayer shall certify to the department the  
97 dollar amount of the contributions made or to be made during the  
98 calendar year. Within thirty (30) days after the receipt of an  
99 application, the department shall allocate credits based on the  
100 dollar amount of contributions as certified in the application.  
101 However, if the department cannot allocate the full amount of  
102 credits certified in the application due to the limit on the  
103 aggregate amount of credits that may be awarded under this section  
104 in a calendar year, the department shall so notify the applicant  
105 within thirty (30) days with the amount of credits, if any, that  
106 may be allocated to the applicant in the calendar year. Once the  
107 department has allocated credits to a taxpayer, if the  
108 contribution for which a credit is allocated has not been made as  
109 of the date of the allocation, then the contribution must be made  
110 not later than sixty (60) days from the date of the allocation.  
111 If the contribution is not made within such time period, the  
112 allocation shall be cancelled and returned to the department for  
113 reallocation. Upon final documentation of the contributions, if  
114 the actual dollar amount of the contributions is lower than the  
115 amount estimated, the department shall adjust the tax credit  
116 allowed under this section.

117           (b) For the purposes of using a tax credit against ad  
118 valorem taxes assessed and levied on real property, a taxpayer  
119 shall present to the appropriate tax collector the tax credit  
120 documentation provided to the taxpayer by the Department of  
121 Revenue, and the tax collector shall apply the tax credit against  
122 such ad valorem taxes. The tax collector shall forward the tax  
123 credit documentation to the Department of Revenue along with the  
124 amount of the tax credit applied against ad valorem taxes, and the  
125 department shall disburse funds to the tax collector for the  
126 amount of the tax credit applied against ad valorem taxes. Such  
127 payments by the Department of Revenue shall be made from current  
128 tax collections.

129           (10) The aggregate amount of tax credits that may be  
130 allocated by the department under this section during a calendar  
131 year shall not exceed Three Million Five Hundred Thousand Dollars  
132 (\$3,500,000.00). For credits allocated during a calendar year for  
133 contributions to eligible charitable organizations, no more than  
134 fifty percent (50%) of such credits may be allocated for  
135 contributions to a single eligible charitable organization.

136           **SECTION 2.** Section 27-7-22.41, Mississippi Code of 1972, is  
137 brought forward as follows:

138           27-7-22.41. (1) For the purposes of this section, the  
139 following words and phrases shall have the meanings ascribed in  
140 this section unless the context clearly indicates otherwise:

141           (a) "Department" means the Department of Revenue.

142 (b) "Eligible charitable organization" means an  
143 organization that is exempt from federal income taxation under  
144 Section 501(c) (3) of the Internal Revenue Code and is:

145 (i) Licensed by or under contract with the  
146 Mississippi Department of Child Protection Services and provides  
147 services for:

148 1. The prevention and diversion of children  
149 from custody with the Department of Child Protection Services,

150 2. The safety, care and well-being of  
151 children in custody with the Department of Child Protection  
152 Services, or

153 3. The express purpose of creating permanency  
154 for children through adoption; or

155 (ii) Certified by the department as an educational  
156 services charitable organization and provides services to:

157 1. Children in a foster care placement  
158 program established by the Department of Child Protection  
159 Services, children placed under the Safe Families for Children  
160 model, or children at significant risk of entering a foster care  
161 placement program established by the Department of Child  
162 Protection Services,

163 2. Children who have a chronic illness  
164 or physical, intellectual, developmental or emotional disability,  
165 or

166 3. Children eligible for free or reduced  
167 price meals programs under Section 37-11-7, or selected for

168 participation in the Promise Neighborhoods Program sponsored by  
169 the U.S. Department of Education.

170       (2) (a) The tax credit authorized in this section shall be  
171 available only to a taxpayer who is a business enterprise engaged  
172 in commercial, industrial or professional activities and operating  
173 as a corporation, limited liability company, partnership or sole  
174 proprietorship. Except as otherwise provided in this section, a  
175 credit is allowed against the taxes imposed by Sections 27-7-5,  
176 27-15-103, 27-15-109 and 27-15-123, for voluntary cash  
177 contributions made by a taxpayer during the taxable year to an  
178 eligible charitable organization. From and after January 1, 2022,  
179 for a taxpayer that is not operating as a corporation, a credit is  
180 also allowed against ad valorem taxes assessed and levied on real  
181 property for voluntary cash contributions made by the taxpayer  
182 during the taxable year to an eligible charitable organization.  
183 The amount of credit that may be utilized by a taxpayer in a  
184 taxable year shall be limited to (i) an amount not to exceed fifty  
185 percent (50%) of the total tax liability of the taxpayer for the  
186 taxes imposed by such sections of law and (ii) an amount not to  
187 exceed fifty percent (50%) of the total tax liability of the  
188 taxpayer for ad valorem taxes assessed and levied on real  
189 property. Any tax credit claimed under this section but not used  
190 in any taxable year may be carried forward for five (5)  
191 consecutive years from the close of the tax year in which the  
192 credits were earned.

193           (b) A contribution to an eligible charitable  
194 organization for which a credit is claimed under this section does  
195 not qualify for and shall not be included in any credit that may  
196 be claimed under Section 27-7-22.39.

197           (c) A contribution for which a credit is claimed under  
198 this section may not be used as a deduction by the taxpayer for  
199 state income tax purposes.

200           (3) Taxpayers taking a credit authorized by this section  
201 shall provide the name of the eligible charitable organization and  
202 the amount of the contribution to the department on forms provided  
203 by the department.

204           (4) An eligible charitable organization shall provide the  
205 department with a written certification that it meets all criteria  
206 to be considered an eligible charitable organization. An eligible  
207 charitable organization must also provide the department with  
208 written documented proof of its license and/or written contract  
209 with the Mississippi Department of Child Protection Services. The  
210 organization shall also notify the department of any changes that  
211 may affect eligibility under this section.

212           (5) The eligible charitable organization's written  
213 certification must be signed by an officer of the organization  
214 under penalty of perjury. The written certification shall include  
215 the following:

216           (a) Verification of the organization's status under  
217 Section 501(c)(3) of the Internal Revenue Code;



218           (b) A statement that the organization does not provide,  
219 pay for or provide coverage of abortions and does not financially  
220 support any other entity that provides, pays for or provides  
221 coverage of abortions;

222           (c) Any other information that the department requires  
223 to administer this section.

224           (6) The department shall review each written certification  
225 and determine whether the organization meets all the criteria to  
226 be considered an eligible charitable organization and notify the  
227 organization of its determination. The department may also  
228 periodically request recertification from the organization. The  
229 department shall compile and make available to the public a list  
230 of eligible charitable organizations.

231           (7) Tax credits authorized by this section that are earned  
232 by a partnership, limited liability company, S corporation or  
233 other similar pass-through entity, shall be allocated among all  
234 partners, members or shareholders, respectively, either in  
235 proportion to their ownership interest in such entity or as the  
236 partners, members or shareholders mutually agree as provided in an  
237 executed document.

238           (8) (a) A taxpayer shall apply for credits with the  
239 department on forms prescribed by the department. In the  
240 application the taxpayer shall certify to the department the  
241 dollar amount of the contributions made or to be made during the  
242 calendar year. Within thirty (30) days after the receipt of an  
243 application, the department shall allocate credits based on the

244 dollar amount of contributions as certified in the application.  
245 However, if the department cannot allocate the full amount of  
246 credits certified in the application due to the limit on the  
247 aggregate amount of credits that may be awarded under this section  
248 in a calendar year, the department shall so notify the applicant  
249 within thirty (30) days with the amount of credits, if any, that  
250 may be allocated to the applicant in the calendar year. Once the  
251 department has allocated credits to a taxpayer, if the  
252 contribution for which a credit is allocated has not been made as  
253 of the date of the allocation, then the contribution must be made  
254 not later than sixty (60) days from the date of the allocation.  
255 If the contribution is not made within such time period, the  
256 allocation shall be cancelled and returned to the department for  
257 reallocation. Upon final documentation of the contributions, if  
258 the actual dollar amount of the contributions is lower than the  
259 amount estimated, the department shall adjust the tax credit  
260 allowed under this section.

261 (b) A taxpayer who applied for a tax credit under this  
262 section during calendar year 2020, but who was unable to be  
263 awarded the credit due to the limit on the aggregate amount of  
264 credits authorized for calendar year 2020, shall be given priority  
265 for tax credits authorized to be allocated to taxpayers under this  
266 section by Section 27-7-22.39.

267 (c) For the purposes of using a tax credit against ad  
268 valorem taxes assessed and levied on real property, a taxpayer  
269 shall present to the appropriate tax collector the tax credit

270 documentation provided to the taxpayer by the Department of  
271 Revenue, and the tax collector shall apply the tax credit against  
272 such ad valorem taxes. The tax collector shall forward the tax  
273 credit documentation to the Department of Revenue along with the  
274 amount of the tax credit applied against ad valorem taxes, and the  
275 department shall disburse funds to the tax collector for the  
276 amount of the tax credit applied against ad valorem taxes. Such  
277 payments by the Department of Revenue shall be made from current  
278 tax collections.

279 (9) The aggregate amount of tax credits that may be  
280 allocated by the department under this section during a calendar  
281 year shall not exceed Five Million Dollars (\$5,000,000.00), and  
282 not more than fifty percent (50%) of tax credits allocated during  
283 a calendar year may be allocated for contributions to eligible  
284 charitable organizations described in subsection (1)(b)(ii) of  
285 this section. However, for calendar year 2021, the aggregate  
286 amount of tax credits that may be allocated by the department  
287 under this section during a calendar year shall not exceed Ten  
288 Million Dollars (\$10,000,000.00), and for calendar year 2022, and  
289 for each calendar year thereafter, the aggregate amount of tax  
290 credits that may be allocated by the department under this section  
291 during a calendar year shall not exceed Sixteen Million Dollars  
292 (\$16,000,000.00). For calendar year 2021, and for each calendar  
293 year thereafter, fifty percent (50%) of the tax credits allocated  
294 during a calendar year shall be allocated for contributions to  
295 eligible charitable organizations described in subsection

296 (1)(b)(i) of this section and fifty percent (50%) of the tax  
297 credits allocated during a calendar year shall be allocated for  
298 contributions to eligible charitable organizations described in  
299 subsection (1)(b)(ii) of this section. For calendar year 2022,  
300 and for each calendar year thereafter, of the amount of tax  
301 credits that may be allocated for contributions to eligible  
302 charitable organizations described in subsection (1)(b)(ii) of  
303 this section, fifteen percent (15%) of the tax credits shall be  
304 available solely for allocation for contributions to eligible  
305 charitable organizations described in subsection (1)(b)(ii)2;  
306 however, any such tax credits not allocated before April 1 of a  
307 calendar year may be allocated for contributions to eligible  
308 charitable organizations described in subsection (1)(b)(ii)1 of  
309 this section. For calendar year 2021, and for each calendar year  
310 thereafter, for credits allocated during a calendar year for  
311 contributions to eligible charitable organizations described in  
312 subsection (1)(b)(i) of this section, no more than twenty-five  
313 percent (25%) of such credits may be allocated for contributions  
314 to a single eligible charitable organization. Except as otherwise  
315 provided in this section, for calendar year 2021, and for each  
316 calendar year thereafter, for credits allocated during a calendar  
317 year for contributions to eligible charitable organizations  
318 described in subsection (1)(b)(ii) of this section, no more than  
319 five percent (5%) of such credits may be allocated for  
320 contributions to a single eligible charitable organization.  
321 However, for calendar year 2022, of the additional amount of tax

322 credits authorized under this section, as amended by Chapter 480,  
323 Laws of 2021, for allocation for contributions to eligible  
324 charitable organizations described in subsection (1)(b)(ii) of  
325 this section, Two Million Dollars (\$2,000,000.00) of the tax  
326 credits shall be available solely for allocation for contributions  
327 to Magnolia Speech School; however, any such tax credits not  
328 allocated before April 1, 2022, may be allocated for contributions  
329 to eligible charitable organizations described in subsection  
330 (1)(b)(ii) of this section.

331       **SECTION 3.** Nothing in this act shall affect or defeat any  
332 claim, assessment, appeal, suit, right or cause of action for  
333 taxes due or accrued under the income tax laws, insurance premium  
334 tax laws or ad valorem tax laws before the date on which this act  
335 becomes effective, whether such claims, assessments, appeals,  
336 suits or actions have been begun before the date on which this act  
337 becomes effective or are begun thereafter; and the provisions of  
338 the income tax laws, insurance premium tax laws and ad valorem tax  
339 laws are expressly continued in full force, effect and operation  
340 for the purpose of the assessment, collection and enrollment of  
341 liens for any taxes due or accrued and the execution of any  
342 warrant under such laws before the date on which this act becomes  
343 effective, and for the imposition of any penalties, forfeitures or  
344 claims for failure to comply with such laws.

345       **SECTION 4.** Section 27-7-17, Mississippi Code of 1972, as  
346 amended by Senate Bill No. 2095, 2022 Regular Session, and House  
347 Bill No. 1529, 2022 Regular Session, is amended as follows:

348           **Through February 1, 2022, this section shall read as follows:**

349           27-7-17. In computing taxable income, there shall be allowed  
350 as deductions:

351           (1)   **Business deductions.**

352                   (a)   **Business expenses.** All the ordinary and necessary  
353 expenses paid or incurred during the taxable year in carrying on  
354 any trade or business, including a reasonable allowance for  
355 salaries or other compensation for personal services actually  
356 rendered; nonreimbursable traveling expenses incident to current  
357 employment, including a reasonable amount expended for meals and  
358 lodging while away from home in the pursuit of a trade or  
359 business; and rentals or other payments required to be made as a  
360 condition of the continued use or possession, for purposes of the  
361 trade or business of property to which the taxpayer has not taken  
362 or is not taking title or in which he had no equity. Expense  
363 incurred in connection with earning and distributing nontaxable  
364 income is not an allowable deduction. Limitations on  
365 entertainment expenses shall conform to the provisions of the  
366 Internal Revenue Code of 1986.

367                   (b)   **Interest.** All interest paid or accrued during the  
368 taxable year on business indebtedness, except interest upon the  
369 indebtedness for the purchase of tax-free bonds, or any stocks,  
370 the dividends from which are nontaxable under the provisions of  
371 this article; provided, however, in the case of securities  
372 dealers, interest payments or accruals on loans, the proceeds of  
373 which are used to purchase tax-exempt securities, shall be

374 deductible if income from otherwise tax-free securities is  
375 reported as income. Investment interest expense shall be limited  
376 to investment income. Interest expense incurred for the purchase  
377 of treasury stock, to pay dividends, or incurred as a result of an  
378 undercapitalized affiliated corporation may not be deducted unless  
379 an ordinary and necessary business purpose can be established to  
380 the satisfaction of the commissioner. For the purposes of this  
381 paragraph, the phrase "interest upon the indebtedness for the  
382 purchase of tax-free bonds" applies only to the indebtedness  
383 incurred for the purpose of directly purchasing tax-free bonds and  
384 does not apply to any other indebtedness incurred in the regular  
385 course of the taxpayer's business. Any corporation, association,  
386 organization or other entity taxable under Section 27-7-23(c)  
387 shall allocate interest expense as provided in Section  
388 27-7-23(c) (3) (I).

389           (c) **Taxes.** Taxes paid or accrued within the taxable  
390 year, except state and federal income taxes, excise taxes based on  
391 or measured by net income, estate and inheritance taxes, gift  
392 taxes, cigar and cigarette taxes, gasoline taxes, and sales and  
393 use taxes unless incurred as an item of expense in a trade or  
394 business or in the production of taxable income. In the case of  
395 an individual, taxes permitted as an itemized deduction under the  
396 provisions of subsection (3) (a) of this section are to be claimed  
397 thereunder.

398           (d) **Business losses.**

399 (i) Losses sustained during the taxable year not  
400 compensated for by insurance or otherwise, if incurred in trade or  
401 business, or nonbusiness transactions entered into for profit.

402 (ii) Limitations on losses from passive activities  
403 and rental real estate shall conform to the provisions of the  
404 Internal Revenue Code of 1986.

405 (e) **Bad debts.** Losses from debts ascertained to be  
406 worthless and charged off during the taxable year, if sustained in  
407 the conduct of the regular trade or business of the taxpayer;  
408 provided, that such losses shall be allowed only when the taxpayer  
409 has reported as income, on the accrual basis, the amount of such  
410 debt or account.

411 (f) **Depreciation.** A reasonable allowance for  
412 exhaustion, wear and tear of property used in the trade or  
413 business, or rental property, and depreciation upon buildings  
414 based upon their reasonable value as of March 16, 1912, if  
415 acquired prior thereto, and upon cost if acquired subsequent to  
416 that date. In the case of new or used aircraft, equipment,  
417 engines, or other parts and tools used for aviation, allowance for  
418 bonus depreciation conforms with the federal bonus depreciation  
419 rates and reasonable allowance for depreciation under this section  
420 is no less than one hundred percent (100%).

421 (g) **Depletion.** In the case of mines, oil and gas  
422 wells, other natural deposits and timber, a reasonable allowance  
423 for depletion and for depreciation of improvements, based upon  
424 cost, including cost of development, not otherwise deducted, or



425 fair market value as of March 16, 1912, if acquired prior to that  
426 date, such allowance to be made upon regulations prescribed by the  
427 commissioner, with the approval of the Governor.

428           (h) **Contributions or gifts.** Except as otherwise  
429 provided in paragraph (p) of this subsection or subsection (3)(a)  
430 of this section for individuals, contributions or gifts made by  
431 corporations within the taxable year to corporations,  
432 organizations, associations or institutions, including Community  
433 Chest funds, foundations and trusts created solely and exclusively  
434 for religious, charitable, scientific or educational purposes, or  
435 for the prevention of cruelty to children or animals, no part of  
436 the net earnings of which inure to the benefit of any private  
437 stockholder or individual. This deduction shall be allowed in an  
438 amount not to exceed twenty percent (20%) of the net income. Such  
439 contributions or gifts shall be allowable as deductions only if  
440 verified under rules and regulations prescribed by the  
441 commissioner, with the approval of the Governor. Contributions  
442 made in any form other than cash shall be allowed as a deduction,  
443 subject to the limitations herein provided, in an amount equal to  
444 the actual market value of the contributions at the time the  
445 contribution is actually made and consummated.

446           (i) **Reserve funds - insurance companies.** In the case  
447 of insurance companies the net additions required by law to be  
448 made within the taxable year to reserve funds when such reserve  
449 funds are maintained for the purpose of liquidating policies at  
450 maturity.

451           (j) **Annuity income.** The sums, other than dividends,  
452 paid within the taxpayer year on policy or annuity contracts when  
453 such income has been included in gross income.

454           (k) **Contributions to employee pension plans.**  
455 Contributions made by an employer to a plan or a trust forming  
456 part of a pension plan, stock bonus plan, disability or  
457 death-benefit plan, or profit-sharing plan of such employer for  
458 the exclusive benefit of some or all of his, their, or its  
459 employees, or their beneficiaries, shall be deductible from his,  
460 their, or its income only to the extent that, and for the taxable  
461 year in which, the contribution is deductible for federal income  
462 tax purposes under the Internal Revenue Code of 1986 and any other  
463 provisions of similar purport in the Internal Revenue Laws of the  
464 United States, and the rules, regulations, rulings and  
465 determinations promulgated thereunder, provided that:

466                   (i) The plan or trust be irrevocable.

467                   (ii) The plan or trust constitute a part of a  
468 pension plan, stock bonus plan, disability or death-benefit plan,  
469 or profit-sharing plan for the exclusive benefit of some or all of  
470 the employer's employees and/or officers, or their beneficiaries,  
471 for the purpose of distributing the corpus and income of the plan  
472 or trust to such employees and/or officers, or their  
473 beneficiaries.

474                   (iii) No part of the corpus or income of the plan  
475 or trust can be used for purposes other than for the exclusive  
476 benefit of employees and/or officers, or their beneficiaries.

477 Contributions to all plans or to all trusts of real or  
478 personal property (or real and personal property combined) or to  
479 insured plans created under a retirement plan for which provision  
480 has been made under the laws of the United States of America,  
481 making such contributions deductible from income for federal  
482 income tax purposes, shall be deductible only to the same extent  
483 under the Income Tax Laws of the State of Mississippi.

484 (1) **Net operating loss carrybacks and carryovers.** A  
485 net operating loss for any taxable year ending after December 31,  
486 1993, and taxable years thereafter, shall be a net operating loss  
487 carryback to each of the three (3) taxable years preceding the  
488 taxable year of the loss. If the net operating loss for any  
489 taxable year is not exhausted by carrybacks to the three (3)  
490 taxable years preceding the taxable year of the loss, then there  
491 shall be a net operating loss carryover to each of the fifteen  
492 (15) taxable years following the taxable year of the loss  
493 beginning with any taxable year after December 31, 1991.

494 For any taxable year ending after December 31, 1997, the  
495 period for net operating loss carrybacks and net operating loss  
496 carryovers shall be the same as those established by the Internal  
497 Revenue Code and the rules, regulations, rulings and  
498 determinations promulgated thereunder as in effect at the taxable  
499 year end or on December 31, 2000, whichever is earlier.

500 A net operating loss for any taxable year ending after  
501 December 31, 2001, and taxable years thereafter, shall be a net  
502 operating loss carryback to each of the two (2) taxable years

503 preceding the taxable year of the loss. If the net operating loss  
504 for any taxable year is not exhausted by carrybacks to the two (2)  
505 taxable years preceding the taxable year of the loss, then there  
506 shall be a net operating loss carryover to each of the twenty (20)  
507 taxable years following the taxable year of the loss beginning  
508 with any taxable year after the taxable year of the loss.

509 The term "net operating loss," for the purposes of this  
510 paragraph, shall be the excess of the deductions allowed over the  
511 gross income; provided, however, the following deductions shall  
512 not be allowed in computing same:

513 (i) No net operating loss deduction shall be  
514 allowed.

515 (ii) No personal exemption deduction shall be  
516 allowed.

517 (iii) Allowable deductions which are not  
518 attributable to taxpayer's trade or business shall be allowed only  
519 to the extent of the amount of gross income not derived from such  
520 trade or business.

521 Any taxpayer entitled to a carryback period as provided by  
522 this paragraph may elect to relinquish the entire carryback period  
523 with respect to a net operating loss for any taxable year ending  
524 after December 31, 1991. The election shall be made in the manner  
525 prescribed by the Department of Revenue and shall be made by the  
526 due date, including extensions of time, for filing the taxpayer's  
527 return for the taxable year of the net operating loss for which

528 the election is to be in effect. The election, once made for any  
529 taxable year, shall be irrevocable for that taxable year.

530 (m) **Amortization of pollution or environmental control**  
531 **facilities.** Allowance of deduction. Every taxpayer, at his  
532 election, shall be entitled to a deduction for pollution or  
533 environmental control facilities to the same extent as that  
534 allowed under the Internal Revenue Code and the rules,  
535 regulations, rulings and determinations promulgated thereunder.

536 (n) **Dividend distributions - real estate investment**  
537 **trusts.** "Real estate investment trust" (hereinafter referred to  
538 as REIT) shall have the meaning ascribed to such term in Section  
539 856 of the federal Internal Revenue Code of 1986, as amended. A  
540 REIT is allowed a dividend distributed deduction if the dividend  
541 distributions meet the requirements of Section 857 or are  
542 otherwise deductible under Section 858 or 860, federal Internal  
543 Revenue Code of 1986, as amended. In addition:

544 (i) A dividend distributed deduction shall only be  
545 allowed for dividends paid by a publicly traded REIT. A qualified  
546 REIT subsidiary shall be allowed a dividend distributed deduction  
547 if its owner is a publicly traded REIT.

548 (ii) Income generated from real estate contributed  
549 or sold to a REIT by a shareholder or related party shall not give  
550 rise to a dividend distributed deduction, unless the shareholder  
551 or related party would have received the dividend distributed  
552 deduction under this chapter.

553 (iii) A holding corporation receiving a dividend  
554 from a REIT shall not be allowed the deduction in Section  
555 27-7-15(4) (t).

556 (iv) Any REIT not allowed the dividend distributed  
557 deduction in the federal Internal Revenue Code of 1986, as  
558 amended, shall not be allowed a dividend distributed deduction  
559 under this chapter.

560 The commissioner is authorized to promulgate rules and  
561 regulations consistent with the provisions in Section 269 of the  
562 federal Internal Revenue Code of 1986, as amended, so as to  
563 prevent the evasion or avoidance of state income tax.

564 (o) **Contributions to college savings trust fund**  
565 **accounts.** Contributions or payments to a Mississippi Affordable  
566 College Savings Program account are deductible as provided under  
567 Section 37-155-113. Payments made under a prepaid tuition  
568 contract entered into under the Mississippi Prepaid Affordable  
569 College Tuition Program are deductible as provided under Section  
570 37-155-17.

571 (p) **Contributions of human pharmaceutical products.** To  
572 the extent that a "major supplier" as defined in Section  
573 27-13-13(2) (d) contributes human pharmaceutical products in excess  
574 of Two Hundred Fifty Million Dollars (\$250,000,000.00) as  
575 determined under Section 170 of the Internal Revenue Code, the  
576 charitable contribution limitation associated with those donations  
577 shall follow the federal limitation but cannot result in the  
578 Mississippi net income being reduced below zero.

579           (q) **Contributions to ABLÉ trust fund accounts.**  
580 Contributions or payments to a Mississippi Achieving a Better Life  
581 Experience (ABLE) Program account are deductible as provided under  
582 Section 43-28-13.

583           (2) **Restrictions on the deductibility of certain intangible**  
584 **expenses and interest expenses with a related member.**

585           (a) As used in this subsection (2):

586           (i) "Intangible expenses and costs" include:

587                   1. Expenses, losses and costs for, related  
588 to, or in connection directly or indirectly with the direct or  
589 indirect acquisition, use, maintenance or management, ownership,  
590 sale, exchange or any other disposition of intangible property to  
591 the extent such amounts are allowed as deductions or costs in  
592 determining taxable income under this chapter;

593                   2. Expenses or losses related to or incurred  
594 in connection directly or indirectly with factoring transactions  
595 or discounting transactions;

596                   3. Royalty, patent, technical and copyright  
597 fees;

598                   4. Licensing fees; and

599                   5. Other similar expenses and costs.

600           (ii) "Intangible property" means patents, patent  
601 applications, trade names, trademarks, service marks, copyrights  
602 and similar types of intangible assets.

603           (iii) "Interest expenses and cost" means amounts  
604 directly or indirectly allowed as deductions for purposes of

605 determining taxable income under this chapter to the extent such  
606 interest expenses and costs are directly or indirectly for,  
607 related to, or in connection with the direct or indirect  
608 acquisition, maintenance, management, ownership, sale, exchange or  
609 disposition of intangible property.

610 (iv) "Related member" means an entity or person  
611 that, with respect to the taxpayer during all or any portion of  
612 the taxable year, is a related entity, a component member as  
613 defined in the Internal Revenue Code, or is an entity or a person  
614 to or from whom there is attribution of stock ownership in  
615 accordance with Section 1563(e) of the Internal Revenue Code.

616 (v) "Related entity" means:

617 1. A stockholder who is an individual or a  
618 member of the stockholder's family, as defined in regulations  
619 prescribed by the commissioner, if the stockholder and the members  
620 of the stockholder's family own, directly, indirectly,  
621 beneficially or constructively, in the aggregate, at least fifty  
622 percent (50%) of the value of the taxpayer's outstanding stock;

623 2. A stockholder, or a stockholder's  
624 partnership, limited liability company, estate, trust or  
625 corporation, if the stockholder and the stockholder's  
626 partnerships, limited liability companies, estates, trusts and  
627 corporations own, directly, indirectly, beneficially or  
628 constructively, in the aggregate, at least fifty percent (50%) of  
629 the value of the taxpayer's outstanding stock;



630                   3. A corporation, or a party related to the  
631 corporation in a manner that would require an attribution of stock  
632 from the corporation to the party or from the party to the  
633 corporation, if the taxpayer owns, directly, indirectly,  
634 beneficially or constructively, at least fifty percent (50%) of  
635 the value of the corporation's outstanding stock under regulation  
636 prescribed by the commissioner;

637                   4. Any entity or person which would be a  
638 related member under this section if the taxpayer were considered  
639 a corporation for purposes of this section.

640                   (b) In computing net income, a taxpayer shall add back  
641 otherwise deductible interest expenses and costs and intangible  
642 expenses and costs directly or indirectly paid, accrued to or  
643 incurred, in connection directly or indirectly with one or more  
644 direct or indirect transactions with one or more related members.

645                   (c) The adjustments required by this subsection shall  
646 not apply to such portion of interest expenses and costs and  
647 intangible expenses and costs that the taxpayer can establish  
648 meets one (1) of the following:

649                   (i) The related member directly or indirectly  
650 paid, accrued or incurred such portion to a person during the same  
651 income year who is not a related member; or

652                   (ii) The transaction giving rise to the interest  
653 expenses and costs or intangible expenses and costs between the  
654 taxpayer and related member was done primarily for a valid  
655 business purpose other than the avoidance of taxes, and the

656 related member is not primarily engaged in the acquisition, use,  
657 maintenance or management, ownership, sale, exchange or any other  
658 disposition of intangible property.

659 (d) Nothing in this subsection shall require a taxpayer  
660 to add to its net income more than once any amount of interest  
661 expenses and costs or intangible expenses and costs that the  
662 taxpayer pays, accrues or incurs to a related member.

663 (e) The commissioner may prescribe such regulations as  
664 necessary or appropriate to carry out the purposes of this  
665 subsection, including, but not limited to, clarifying definitions  
666 of terms, rules of stock attribution, factoring and discount  
667 transactions.

668 (3) **Individual nonbusiness deductions.**

669 (a) The amount allowable for individual nonbusiness  
670 itemized deductions for federal income tax purposes where the  
671 individual is eligible to elect, for the taxable year, to itemize  
672 deductions on his federal return except the following:

673 (i) The deduction for state income taxes paid or  
674 other taxes allowed for federal purposes in lieu of state income  
675 taxes paid;

676 (ii) The deduction for gaming losses from gaming  
677 establishments;

678 (iii) The deduction for taxes collected by  
679 licensed gaming establishments pursuant to Section 27-7-901;

680 (iv) The deduction for taxes collected by gaming  
681 establishments pursuant to Section 27-7-903.

682 (b) In lieu of the individual nonbusiness itemized  
683 deductions authorized in paragraph (a), for all purposes other  
684 than ordinary and necessary expenses paid or incurred during the  
685 taxable year in carrying on any trade or business, an optional  
686 standard deduction of:

687 (i) Three Thousand Four Hundred Dollars  
688 (\$3,400.00) through calendar year 1997, Four Thousand Two Hundred  
689 Dollars (\$4,200.00) for the calendar year 1998 and Four Thousand  
690 Six Hundred Dollars (\$4,600.00) for each calendar year thereafter  
691 in the case of married individuals filing a joint or combined  
692 return;

693 (ii) One Thousand Seven Hundred Dollars  
694 (\$1,700.00) through calendar year 1997, Two Thousand One Hundred  
695 Dollars (\$2,100.00) for the calendar year 1998 and Two Thousand  
696 Three Hundred Dollars (\$2,300.00) for each calendar year  
697 thereafter in the case of married individuals filing separate  
698 returns;

699 (iii) Three Thousand Four Hundred Dollars  
700 (\$3,400.00) in the case of a head of family; or

701 (iv) Two Thousand Three Hundred Dollars  
702 (\$2,300.00) in the case of an individual who is not married.

703 In the case of a husband and wife living together, having  
704 separate incomes, and filing combined returns, the standard  
705 deduction authorized may be divided in any manner they choose. In  
706 the case of separate returns by a husband and wife, the standard  
707 deduction shall not be allowed to either if the taxable income of

708 one of the spouses is determined without regard to the standard  
709 deduction.

710 (c) A nonresident individual shall be allowed the same  
711 individual nonbusiness deductions as are authorized for resident  
712 individuals in paragraph (a) or (b) of this subsection; however,  
713 the nonresident individual is entitled only to that proportion of  
714 the individual nonbusiness deductions as his net income from  
715 sources within the State of Mississippi bears to his total or  
716 entire net income from all sources.

717 (4) Nothing in this section shall permit the same item to be  
718 deducted more than once, either in fact or in effect.

719 (5) Notwithstanding any other provision in Title 27,  
720 Mississippi Code of 1972, there shall be allowed an income tax  
721 deduction for otherwise deductible expenses if:

722 (a) The payment(s) for such deductible expenses are  
723 made with the grant or loan program of the Paycheck Protection  
724 Program as authorized under (i) the Coronavirus Aid, Relief, and  
725 Economic Security (CARES) Act and the Consolidated Appropriations  
726 Act of 2021, (ii) the COVID-19 Economic Injury Disaster Loan  
727 Program, (iii) the 2020 COVID-19 Mississippi Business Assistance  
728 Act, (iv) the Rental Assistance Grant Program, (v) the Shuttered  
729 Venue Operators Grant Program and Restaurant Revitalization Fund  
730 authorized by the Economic Aid to Hard-Hit Small Businesses,  
731 Nonprofits, and Venues Act, and amended by the federal American  
732 Rescue Plan Act, and/or (vi) the Mississippi Agriculture  
733 Stabilization Act; and

734                   (b) Such deductible expenses shall be allowed as  
735 deductions for federal income tax purposes.

736                   **From and after February 2, 2022, this section shall read as**  
737 **follows:**

738                   27-7-17. In computing taxable income, there shall be allowed  
739 as deductions:

740                   (1) **Business deductions.**

741                   (a) **Business expenses.** All the ordinary and necessary  
742 expenses paid or incurred during the taxable year in carrying on  
743 any trade or business, including a reasonable allowance for  
744 salaries or other compensation for personal services actually  
745 rendered; nonreimbursable traveling expenses incident to current  
746 employment, including a reasonable amount expended for meals and  
747 lodging while away from home in the pursuit of a trade or  
748 business; and rentals or other payments required to be made as a  
749 condition of the continued use or possession, for purposes of the  
750 trade or business of property to which the taxpayer has not taken  
751 or is not taking title or in which he had no equity. Expense  
752 incurred in connection with earning and distributing nontaxable  
753 income is not an allowable deduction. Limitations on  
754 entertainment expenses shall conform to the provisions of the  
755 Internal Revenue Code of 1986. There shall also be allowed a  
756 deduction for expenses as provided in Section 26 of Senate Bill  
757 No. 2095, 2022 Regular Session.

758                   (b) **Interest.** All interest paid or accrued during the  
759 taxable year on business indebtedness, except interest upon the

760 indebtedness for the purchase of tax-free bonds, or any stocks,  
761 the dividends from which are nontaxable under the provisions of  
762 this article; provided, however, in the case of securities  
763 dealers, interest payments or accruals on loans, the proceeds of  
764 which are used to purchase tax-exempt securities, shall be  
765 deductible if income from otherwise tax-free securities is  
766 reported as income. Investment interest expense shall be limited  
767 to investment income. Interest expense incurred for the purchase  
768 of treasury stock, to pay dividends, or incurred as a result of an  
769 undercapitalized affiliated corporation may not be deducted unless  
770 an ordinary and necessary business purpose can be established to  
771 the satisfaction of the commissioner. For the purposes of this  
772 paragraph, the phrase "interest upon the indebtedness for the  
773 purchase of tax-free bonds" applies only to the indebtedness  
774 incurred for the purpose of directly purchasing tax-free bonds and  
775 does not apply to any other indebtedness incurred in the regular  
776 course of the taxpayer's business. Any corporation, association,  
777 organization or other entity taxable under Section 27-7-23(c)  
778 shall allocate interest expense as provided in Section  
779 27-7-23(c) (3) (I).

780           (c) **Taxes.** Taxes paid or accrued within the taxable  
781 year, except state and federal income taxes, excise taxes based on  
782 or measured by net income, estate and inheritance taxes, gift  
783 taxes, cigar and cigarette taxes, gasoline taxes, and sales and  
784 use taxes unless incurred as an item of expense in a trade or  
785 business or in the production of taxable income. In the case of

786 an individual, taxes permitted as an itemized deduction under the  
787 provisions of subsection (3)(a) of this section are to be claimed  
788 thereunder.

789 (d) **Business losses.**

790 (i) Losses sustained during the taxable year not  
791 compensated for by insurance or otherwise, if incurred in trade or  
792 business, or nonbusiness transactions entered into for profit.

793 (ii) Limitations on losses from passive activities  
794 and rental real estate shall conform to the provisions of the  
795 Internal Revenue Code of 1986.

796 (e) **Bad debts.** Losses from debts ascertained to be  
797 worthless and charged off during the taxable year, if sustained in  
798 the conduct of the regular trade or business of the taxpayer;  
799 provided, that such losses shall be allowed only when the taxpayer  
800 has reported as income, on the accrual basis, the amount of such  
801 debt or account.

802 (f) **Depreciation.** A reasonable allowance for  
803 exhaustion, wear and tear of property used in the trade or  
804 business, or rental property, and depreciation upon buildings  
805 based upon their reasonable value as of March 16, 1912, if  
806 acquired prior thereto, and upon cost if acquired subsequent to  
807 that date. In the case of new or used aircraft, equipment,  
808 engines, or other parts and tools used for aviation, allowance for  
809 bonus depreciation conforms with the federal bonus depreciation  
810 rates and reasonable allowance for depreciation under this section  
811 is no less than one hundred percent (100%).

812           (g) **Depletion.** In the case of mines, oil and gas  
813 wells, other natural deposits and timber, a reasonable allowance  
814 for depletion and for depreciation of improvements, based upon  
815 cost, including cost of development, not otherwise deducted, or  
816 fair market value as of March 16, 1912, if acquired prior to that  
817 date, such allowance to be made upon regulations prescribed by the  
818 commissioner, with the approval of the Governor.

819           (h) **Contributions or gifts.** Except as otherwise  
820 provided in paragraph (p) of this subsection or subsection (3) (a)  
821 of this section for individuals, contributions or gifts made by  
822 corporations within the taxable year to corporations,  
823 organizations, associations or institutions, including Community  
824 Chest funds, foundations and trusts created solely and exclusively  
825 for religious, charitable, scientific or educational purposes, or  
826 for the prevention of cruelty to children or animals, no part of  
827 the net earnings of which inure to the benefit of any private  
828 stockholder or individual. This deduction shall be allowed in an  
829 amount not to exceed twenty percent (20%) of the net income. Such  
830 contributions or gifts shall be allowable as deductions only if  
831 verified under rules and regulations prescribed by the  
832 commissioner, with the approval of the Governor. Contributions  
833 made in any form other than cash shall be allowed as a deduction,  
834 subject to the limitations herein provided, in an amount equal to  
835 the actual market value of the contributions at the time the  
836 contribution is actually made and consummated.



837           (i) **Reserve funds - insurance companies.** In the case  
838 of insurance companies the net additions required by law to be  
839 made within the taxable year to reserve funds when such reserve  
840 funds are maintained for the purpose of liquidating policies at  
841 maturity.

842           (j) **Annuity income.** The sums, other than dividends,  
843 paid within the taxpayer year on policy or annuity contracts when  
844 such income has been included in gross income.

845           (k) **Contributions to employee pension plans.**  
846 Contributions made by an employer to a plan or a trust forming  
847 part of a pension plan, stock bonus plan, disability or  
848 death-benefit plan, or profit-sharing plan of such employer for  
849 the exclusive benefit of some or all of his, their, or its  
850 employees, or their beneficiaries, shall be deductible from his,  
851 their, or its income only to the extent that, and for the taxable  
852 year in which, the contribution is deductible for federal income  
853 tax purposes under the Internal Revenue Code of 1986 and any other  
854 provisions of similar purport in the Internal Revenue Laws of the  
855 United States, and the rules, regulations, rulings and  
856 determinations promulgated thereunder, provided that:

857                   (i) The plan or trust be irrevocable.

858                   (ii) The plan or trust constitute a part of a  
859 pension plan, stock bonus plan, disability or death-benefit plan,  
860 or profit-sharing plan for the exclusive benefit of some or all of  
861 the employer's employees and/or officers, or their beneficiaries,  
862 for the purpose of distributing the corpus and income of the plan

863 or trust to such employees and/or officers, or their  
864 beneficiaries.

865 (iii) No part of the corpus or income of the plan  
866 or trust can be used for purposes other than for the exclusive  
867 benefit of employees and/or officers, or their beneficiaries.

868 Contributions to all plans or to all trusts of real or  
869 personal property (or real and personal property combined) or to  
870 insured plans created under a retirement plan for which provision  
871 has been made under the laws of the United States of America,  
872 making such contributions deductible from income for federal  
873 income tax purposes, shall be deductible only to the same extent  
874 under the Income Tax Laws of the State of Mississippi.

875 (1) **Net operating loss carrybacks and carryovers.** A  
876 net operating loss for any taxable year ending after December 31,  
877 1993, and taxable years thereafter, shall be a net operating loss  
878 carryback to each of the three (3) taxable years preceding the  
879 taxable year of the loss. If the net operating loss for any  
880 taxable year is not exhausted by carrybacks to the three (3)  
881 taxable years preceding the taxable year of the loss, then there  
882 shall be a net operating loss carryover to each of the fifteen  
883 (15) taxable years following the taxable year of the loss  
884 beginning with any taxable year after December 31, 1991.

885 For any taxable year ending after December 31, 1997, the  
886 period for net operating loss carrybacks and net operating loss  
887 carryovers shall be the same as those established by the Internal  
888 Revenue Code and the rules, regulations, rulings and

889 determinations promulgated thereunder as in effect at the taxable  
890 year end or on December 31, 2000, whichever is earlier.

891 A net operating loss for any taxable year ending after  
892 December 31, 2001, and taxable years thereafter, shall be a net  
893 operating loss carryback to each of the two (2) taxable years  
894 preceding the taxable year of the loss. If the net operating loss  
895 for any taxable year is not exhausted by carrybacks to the two (2)  
896 taxable years preceding the taxable year of the loss, then there  
897 shall be a net operating loss carryover to each of the twenty (20)  
898 taxable years following the taxable year of the loss beginning  
899 with any taxable year after the taxable year of the loss.

900 The term "net operating loss," for the purposes of this  
901 paragraph, shall be the excess of the deductions allowed over the  
902 gross income; provided, however, the following deductions shall  
903 not be allowed in computing same:

904 (i) No net operating loss deduction shall be  
905 allowed.

906 (ii) No personal exemption deduction shall be  
907 allowed.

908 (iii) Allowable deductions which are not  
909 attributable to taxpayer's trade or business shall be allowed only  
910 to the extent of the amount of gross income not derived from such  
911 trade or business.

912 Any taxpayer entitled to a carryback period as provided by  
913 this paragraph may elect to relinquish the entire carryback period  
914 with respect to a net operating loss for any taxable year ending

915 after December 31, 1991. The election shall be made in the manner  
916 prescribed by the Department of Revenue and shall be made by the  
917 due date, including extensions of time, for filing the taxpayer's  
918 return for the taxable year of the net operating loss for which  
919 the election is to be in effect. The election, once made for any  
920 taxable year, shall be irrevocable for that taxable year.

921 (m) **Amortization of pollution or environmental control**  
922 **facilities.** Allowance of deduction. Every taxpayer, at his  
923 election, shall be entitled to a deduction for pollution or  
924 environmental control facilities to the same extent as that  
925 allowed under the Internal Revenue Code and the rules,  
926 regulations, rulings and determinations promulgated thereunder.

927 (n) **Dividend distributions - real estate investment**  
928 **trusts.** "Real estate investment trust" (hereinafter referred to  
929 as REIT) shall have the meaning ascribed to such term in Section  
930 856 of the federal Internal Revenue Code of 1986, as amended. A  
931 REIT is allowed a dividend distributed deduction if the dividend  
932 distributions meet the requirements of Section 857 or are  
933 otherwise deductible under Section 858 or 860, federal Internal  
934 Revenue Code of 1986, as amended. In addition:

935 (i) A dividend distributed deduction shall only be  
936 allowed for dividends paid by a publicly traded REIT. A qualified  
937 REIT subsidiary shall be allowed a dividend distributed deduction  
938 if its owner is a publicly traded REIT.

939 (ii) Income generated from real estate contributed  
940 or sold to a REIT by a shareholder or related party shall not give

941 rise to a dividend distributed deduction, unless the shareholder  
942 or related party would have received the dividend distributed  
943 deduction under this chapter.

944 (iii) A holding corporation receiving a dividend  
945 from a REIT shall not be allowed the deduction in Section  
946 27-7-15(4)(t).

947 (iv) Any REIT not allowed the dividend distributed  
948 deduction in the federal Internal Revenue Code of 1986, as  
949 amended, shall not be allowed a dividend distributed deduction  
950 under this chapter.

951 The commissioner is authorized to promulgate rules and  
952 regulations consistent with the provisions in Section 269 of the  
953 federal Internal Revenue Code of 1986, as amended, so as to  
954 prevent the evasion or avoidance of state income tax.

955 (o) **Contributions to college savings trust fund**  
956 **accounts.** Contributions or payments to a Mississippi Affordable  
957 College Savings Program account are deductible as provided under  
958 Section 37-155-113. Payments made under a prepaid tuition  
959 contract entered into under the Mississippi Prepaid Affordable  
960 College Tuition Program are deductible as provided under Section  
961 37-155-17.

962 (p) **Contributions of human pharmaceutical products.** To  
963 the extent that a "major supplier" as defined in Section  
964 27-13-13(2)(d) contributes human pharmaceutical products in excess  
965 of Two Hundred Fifty Million Dollars (\$250,000,000.00) as  
966 determined under Section 170 of the Internal Revenue Code, the

967 charitable contribution limitation associated with those donations  
968 shall follow the federal limitation but cannot result in the  
969 Mississippi net income being reduced below zero.

970 (q) **Contributions to ABLE trust fund accounts.**

971 Contributions or payments to a Mississippi Achieving a Better Life  
972 Experience (ABLE) Program account are deductible as provided under  
973 Section 43-28-13.

974 (2) **Restrictions on the deductibility of certain intangible  
975 expenses and interest expenses with a related member.**

976 (a) As used in this subsection (2):

977 (i) "Intangible expenses and costs" include:

978 1. Expenses, losses and costs for, related  
979 to, or in connection directly or indirectly with the direct or  
980 indirect acquisition, use, maintenance or management, ownership,  
981 sale, exchange or any other disposition of intangible property to  
982 the extent such amounts are allowed as deductions or costs in  
983 determining taxable income under this chapter;

984 2. Expenses or losses related to or incurred  
985 in connection directly or indirectly with factoring transactions  
986 or discounting transactions;

987 3. Royalty, patent, technical and copyright  
988 fees;

989 4. Licensing fees; and

990 5. Other similar expenses and costs.

991 (ii) "Intangible property" means patents, patent  
992 applications, trade names, trademarks, service marks, copyrights  
993 and similar types of intangible assets.

994 (iii) "Interest expenses and cost" means amounts  
995 directly or indirectly allowed as deductions for purposes of  
996 determining taxable income under this chapter to the extent such  
997 interest expenses and costs are directly or indirectly for,  
998 related to, or in connection with the direct or indirect  
999 acquisition, maintenance, management, ownership, sale, exchange or  
1000 disposition of intangible property.

1001 (iv) "Related member" means an entity or person  
1002 that, with respect to the taxpayer during all or any portion of  
1003 the taxable year, is a related entity, a component member as  
1004 defined in the Internal Revenue Code, or is an entity or a person  
1005 to or from whom there is attribution of stock ownership in  
1006 accordance with Section 1563(e) of the Internal Revenue Code.

1007 (v) "Related entity" means:

1008 1. A stockholder who is an individual or a  
1009 member of the stockholder's family, as defined in regulations  
1010 prescribed by the commissioner, if the stockholder and the members  
1011 of the stockholder's family own, directly, indirectly,  
1012 beneficially or constructively, in the aggregate, at least fifty  
1013 percent (50%) of the value of the taxpayer's outstanding stock;

1014 2. A stockholder, or a stockholder's  
1015 partnership, limited liability company, estate, trust or  
1016 corporation, if the stockholder and the stockholder's

1017 partnerships, limited liability companies, estates, trusts and  
1018 corporations own, directly, indirectly, beneficially or  
1019 constructively, in the aggregate, at least fifty percent (50%) of  
1020 the value of the taxpayer's outstanding stock;

1021           3. A corporation, or a party related to the  
1022 corporation in a manner that would require an attribution of stock  
1023 from the corporation to the party or from the party to the  
1024 corporation, if the taxpayer owns, directly, indirectly,  
1025 beneficially or constructively, at least fifty percent (50%) of  
1026 the value of the corporation's outstanding stock under regulation  
1027 prescribed by the commissioner;

1028           4. Any entity or person which would be a  
1029 related member under this section if the taxpayer were considered  
1030 a corporation for purposes of this section.

1031           (b) In computing net income, a taxpayer shall add back  
1032 otherwise deductible interest expenses and costs and intangible  
1033 expenses and costs directly or indirectly paid, accrued to or  
1034 incurred, in connection directly or indirectly with one or more  
1035 direct or indirect transactions with one or more related members.

1036           (c) The adjustments required by this subsection shall  
1037 not apply to such portion of interest expenses and costs and  
1038 intangible expenses and costs that the taxpayer can establish  
1039 meets one (1) of the following:

1040           (i) The related member directly or indirectly  
1041 paid, accrued or incurred such portion to a person during the same  
1042 income year who is not a related member; or



1043                   (ii) The transaction giving rise to the interest  
1044 expenses and costs or intangible expenses and costs between the  
1045 taxpayer and related member was done primarily for a valid  
1046 business purpose other than the avoidance of taxes, and the  
1047 related member is not primarily engaged in the acquisition, use,  
1048 maintenance or management, ownership, sale, exchange or any other  
1049 disposition of intangible property.

1050                   (d) Nothing in this subsection shall require a taxpayer  
1051 to add to its net income more than once any amount of interest  
1052 expenses and costs or intangible expenses and costs that the  
1053 taxpayer pays, accrues or incurs to a related member.

1054                   (e) The commissioner may prescribe such regulations as  
1055 necessary or appropriate to carry out the purposes of this  
1056 subsection, including, but not limited to, clarifying definitions  
1057 of terms, rules of stock attribution, factoring and discount  
1058 transactions.

1059                   (3) **Individual nonbusiness deductions.**

1060                   (a) The amount allowable for individual nonbusiness  
1061 itemized deductions for federal income tax purposes where the  
1062 individual is eligible to elect, for the taxable year, to itemize  
1063 deductions on his federal return except the following:

1064                   (i) The deduction for state income taxes paid or  
1065 other taxes allowed for federal purposes in lieu of state income  
1066 taxes paid;

1067                   (ii) The deduction for gaming losses from gaming  
1068 establishments;

1069 (iii) The deduction for taxes collected by  
1070 licensed gaming establishments pursuant to Section 27-7-901;

1071 (iv) The deduction for taxes collected by gaming  
1072 establishments pursuant to Section 27-7-903.

1073 (b) In lieu of the individual nonbusiness itemized  
1074 deductions authorized in paragraph (a), for all purposes other  
1075 than ordinary and necessary expenses paid or incurred during the  
1076 taxable year in carrying on any trade or business, an optional  
1077 standard deduction of:

1078 (i) Three Thousand Four Hundred Dollars  
1079 (\$3,400.00) through calendar year 1997, Four Thousand Two Hundred  
1080 Dollars (\$4,200.00) for the calendar year 1998 and Four Thousand  
1081 Six Hundred Dollars (\$4,600.00) for each calendar year thereafter  
1082 in the case of married individuals filing a joint or combined  
1083 return;

1084 (ii) One Thousand Seven Hundred Dollars  
1085 (\$1,700.00) through calendar year 1997, Two Thousand One Hundred  
1086 Dollars (\$2,100.00) for the calendar year 1998 and Two Thousand  
1087 Three Hundred Dollars (\$2,300.00) for each calendar year  
1088 thereafter in the case of married individuals filing separate  
1089 returns;

1090 (iii) Three Thousand Four Hundred Dollars  
1091 (\$3,400.00) in the case of a head of family; or

1092 (iv) Two Thousand Three Hundred Dollars  
1093 (\$2,300.00) in the case of an individual who is not married.

1094           In the case of a husband and wife living together, having  
1095 separate incomes, and filing combined returns, the standard  
1096 deduction authorized may be divided in any manner they choose. In  
1097 the case of separate returns by a husband and wife, the standard  
1098 deduction shall not be allowed to either if the taxable income of  
1099 one of the spouses is determined without regard to the standard  
1100 deduction.

1101           (c) A nonresident individual shall be allowed the same  
1102 individual nonbusiness deductions as are authorized for resident  
1103 individuals in paragraph (a) or (b) of this subsection; however,  
1104 the nonresident individual is entitled only to that proportion of  
1105 the individual nonbusiness deductions as his net income from  
1106 sources within the State of Mississippi bears to his total or  
1107 entire net income from all sources.

1108           (4) Nothing in this section shall permit the same item to be  
1109 deducted more than once, either in fact or in effect.

1110           (5) Notwithstanding any other provision in Title 27,  
1111 Mississippi Code of 1972, there shall be allowed an income tax  
1112 deduction for otherwise deductible expenses if:

1113           (a) The payment(s) for such deductible expenses are  
1114 made with the grant or loan program of the Paycheck Protection  
1115 Program as authorized under (i) the Coronavirus Aid, Relief, and  
1116 Economic Security (CARES) Act and the Consolidated Appropriations  
1117 Act of 2021, (ii) the COVID-19 Economic Injury Disaster Loan  
1118 Program, (iii) the 2020 COVID-19 Mississippi Business Assistance  
1119 Act, (iv) the Rental Assistance Grant Program, (v) the Shuttered

1120 Venue Operators Grant Program and Restaurant Revitalization Fund  
1121 authorized by the Economic Aid to Hard-Hit Small Businesses,  
1122 Nonprofits, and Venues Act, and amended by the federal American  
1123 Rescue Plan Act, and/or (vi) the Mississippi Agriculture  
1124 Stabilization Act; and

1125 (b) Such deductible expenses shall be allowed as  
1126 deductions for federal income tax purposes.

1127 **SECTION 5.** Section 4 of this act shall take effect and be in  
1128 force from and after January 1, 2020. The remainder of this act  
1129 shall take effect and be in force from and after January 1, 2022,  
1130 and shall stand repealed on December 31, 2021.

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

1 AN ACT TO CREATE THE PREGNANCY RESOURCE ACT; TO AUTHORIZE AN  
2 INCOME TAX CREDIT, INSURANCE PREMIUM TAX CREDIT AND AD VALOREM TAX  
3 CREDIT FOR VOLUNTARY CASH CONTRIBUTIONS BY CERTAIN TAXPAYERS TO  
4 ELIGIBLE CHARITABLE ORGANIZATIONS; TO LIMIT THE AMOUNT OF THE TAX  
5 CREDIT; TO PROVIDE THAT UNUSED PORTIONS OF A TAX CREDIT MAY BE  
6 CARRIED FORWARD FOR FIVE CONSECUTIVE YEARS FROM THE CLOSE OF THE  
7 TAX YEAR IN WHICH THE CREDIT WAS EARNED; TO PROVIDE THAT  
8 CONTRIBUTIONS FOR WHICH TAX CREDITS ARE CLAIMED UNDER THIS ACT MAY  
9 NOT BE USED AS DEDUCTIONS FOR STATE TAX PURPOSES; TO PROVIDE THE  
10 CRITERIA THAT AN ELIGIBLE CHARITABLE ORGANIZATION MUST MEET IN  
11 ORDER FOR A CONTRIBUTION TO THE ORGANIZATION TO QUALIFY FOR THE  
12 TAX CREDIT AUTHORIZED BY THIS ACT; TO BRING FORWARD SECTION  
13 27-7-22.41, MISSISSIPPI CODE OF 1972, WHICH PROVIDES AN INCOME TAX  
14 CREDIT, INSURANCE PREMIUM TAX CREDIT AND AD VALOREM TAX CREDIT FOR  
15 CONTRIBUTIONS MADE BY CERTAIN TAXPAYERS TO CERTAIN ELIGIBLE  
16 CHARITABLE ORGANIZATIONS, FOR THE PURPOSES OF POSSIBLE AMENDMENT;  
17 TO AMEND SECTION 27-7-17, MISSISSIPPI CODE OF 1972, AS AMENDED BY  
18 SENATE BILL NO. 2095, 2022 REGULAR SESSION, AND HOUSE BILL NO.  
19 1529, 2022 REGULAR SESSION, TO CONFORM TO THE AMENDMENTS MADE BY  
20 BOTH BILLS; AND FOR RELATED PURPOSES.

SS26\HB1685A.1J

Eugene S. Clarke  
Secretary of the Senate