

By: Representatives Yancey, Hopkins

To: Ways and Means

HOUSE BILL NO. 8

1 AN ACT TO AUTHORIZE AN INCOME TAX CREDIT FOR VOLUNTARY CASH
 2 CONTRIBUTIONS BY TAXPAYERS TO RURAL HOSPITALS; TO LIMIT THE AMOUNT
 3 OF THE CREDIT; TO PROVIDE THAT UNUSED PORTIONS OF A CREDIT MAY BE
 4 CARRIED FORWARD FOR FIVE CONSECUTIVE YEARS FROM THE CLOSE OF THE
 5 TAX YEAR IN WHICH THE CREDIT WAS EARNED; TO PROVIDE THAT
 6 CONTRIBUTIONS FOR WHICH CREDITS ARE CLAIMED UNDER THIS ACT MAY NOT
 7 BE USED AS DEDUCTIONS FOR STATE TAX PURPOSES; TO PROVIDE THE
 8 CRITERIA THAT A HOSPITAL MUST MEET IN ORDER FOR A CONTRIBUTION TO
 9 THE HOSPITAL TO QUALIFY FOR THE CREDIT AUTHORIZED BY THIS ACT; AND
 10 FOR RELATED PURPOSES.

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

12 **SECTION 1.** (1) For the purposes of this section, the
 13 following words and phrases shall have the meanings ascribed in
 14 this section unless the context clearly indicates otherwise:

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

16 (b) "Rural hospital" means a licensed hospital that has
 17 fifty (50) or fewer licensed beds.

18 (c) "Voluntary cash contribution" means a cash
 19 contribution made to a rural hospital by the taxpayer applying for
 20 a credit and does not include payment for or the donation of
 21 merchandise, services or goods.



22 (2) (a) (i) The tax credit authorized in this subsection
23 shall be available only to a taxpayer who is a business enterprise
24 engaged in commercial, industrial or professional activities and
25 operating as a corporation, limited liability company, partnership
26 or sole proprietorship. Except as otherwise provided in this
27 subsection, a credit is allowed against the taxes imposed by this
28 chapter for voluntary cash contributions made by a taxpayer during
29 a taxable year to a rural hospital. The amount of credit that may
30 be utilized by a taxpayer in a taxable year shall be limited to an
31 amount not to exceed the lesser of the amount contributed during a
32 taxable year or seventy-five percent (75%) of the total tax
33 liability of the taxpayer for the taxable year. Any tax credit
34 claimed under this subsection but not used in any taxable year may
35 be carried forward for five (5) consecutive years from the close
36 of the taxable year in which the credits were earned.

37 (ii) A contribution to a rural hospital for which
38 a credit is claimed under this subsection does not qualify for and
39 shall not be included in any credit that may be claimed under
40 subsection (3) of this section.

41 (iii) A contribution for which a credit is claimed
42 under this subsection may not be used as a deduction by the
43 taxpayer for state income tax purposes.

44 (b) A taxpayer claiming a credit authorized by this
45 subsection shall provide the name of the rural hospital and the



46 amount of the contribution to the department on forms provided by
47 the department.

48 (c) A rural hospital shall provide the department with
49 a written certification that it meets the criteria to be
50 considered a rural hospital. The rural hospital shall also notify
51 the department of any changes that may affect eligibility under
52 this subsection.

53 (d) The department shall review each written
54 certification and determine whether the hospital meets the
55 criteria to be considered a rural hospital and notify the hospital
56 of its determination. The department may also periodically
57 request recertification from the hospital. The department shall
58 compile and make available to the public a list of eligible rural
59 hospitals.

60 (e) Tax credits authorized by this subsection that are
61 earned by a partnership, limited liability company, S corporation
62 or other similar pass-through entity, shall be allocated among all
63 partners, members or shareholders, respectively, either in
64 proportion to their ownership interest in such entity or as the
65 partners, members or shareholders mutually agree as provided in an
66 executed document.

67 (f) A taxpayer shall apply for credits with the
68 department on forms prescribed by the department. In the
69 application the taxpayer shall certify to the department the
70 dollar amount of the contributions made or to be made during the



71 calendar year. Within thirty (30) days after the receipt of an
72 application, the department shall allocate credits based on the
73 dollar amount of contributions as certified in the application.
74 However, if the department cannot allocate the full amount of
75 credits certified in the application due to the limit on the
76 aggregate amount of credits that may be awarded under this
77 subsection in a calendar year, the department shall so notify the
78 applicant within thirty (30) days with the amount of credits, if
79 any, that may be allocated to the applicant in the calendar year.
80 Once the department has allocated credits to a taxpayer, if the
81 contribution for which a credit is allocated has not been made as
82 of the date of the allocation, then the contribution must be made
83 not later than sixty (60) days from the date of the allocation.
84 Documentation of the contribution must be received by the
85 department within seventy-five (75) days from the date of the
86 allocation or January 15 of the following year, whichever occurs
87 first. If the contribution is not made or the department does not
88 receive documentation of the contribution within such time period,
89 the allocation of credit shall be cancelled and returned to the
90 department for reallocation. Upon final documentation of the
91 contributions, if the actual dollar amount of the contributions is
92 lower than the amount estimated, the department shall adjust the
93 tax credit allowed under this subsection.

94 (g) The aggregate amount of tax credits that may be
95 allocated by the department under this subsection during a



96 calendar year shall not exceed Fifteen Million Dollars
97 (\$15,000,000.00).

98 (h) The department shall not allocate any credits
99 under this subsection after December 31, 2027.

100 (3) (a) (i) Except as otherwise provided in this
101 subsection, a credit is allowed against the taxes imposed by this
102 chapter for voluntary cash contributions made by a taxpayer during
103 a taxable year to a rural hospital. The amount of credit that may
104 be utilized by a taxpayer in a taxable year shall not exceed:

105 1. The lesser of the amount contributed
106 during a taxable year or the total tax liability of the taxpayer
107 for the taxable year for a single individual or a head of
108 household.

109 2. The lesser of the amount contributed
110 during a calendar year or the total tax liability of the taxpayer
111 for the taxable year for a married couple filing a joint return.
112 A husband and wife who file separate returns for a taxable year in
113 which they could have filed a joint return may each claim only
114 one-half (1/2) of the tax credit that would have been allowed for
115 a joint return.

116 (ii) Any tax credit claimed under this subsection
117 but not used in any taxable year may be carried forward for five
118 (5) consecutive years from the close of the taxable year in which
119 the credits were earned.



120 (iii) A contribution to a rural hospital for which
121 a credit is claimed under this subsection does not qualify for and
122 shall not be included in any credit that may be claimed under
123 subsection (2) of this section.

124 (iv) A contribution for which a credit is claimed
125 under this subsection may not be used as a deduction by the
126 taxpayer for state income tax purposes.

127 (b) A taxpayer claiming a credit authorized by this
128 subsection shall provide the name of the rural hospital and the
129 amount of the contribution to the department on forms provided by
130 the department.

131 (c) A rural hospital shall provide the department with
132 a written certification that it meets the criteria to be
133 considered a rural hospital. The rural hospital shall also notify
134 the department of any changes that may affect eligibility under
135 this subsection.

136 (d) The department shall review each written
137 certification and determine whether the hospital meets the
138 criteria to be considered a rural hospital and notify the hospital
139 of its determination. The department may also periodically
140 request recertification from the hospital. The department shall
141 compile and make available to the public a list of eligible rural
142 hospitals.

143 (e) A taxpayer shall apply for credits with the
144 department on forms prescribed by the department. In the



145 application the taxpayer shall certify to the department the
146 dollar amount of the contributions made or to be made during the
147 calendar year. Within thirty (30) days after the receipt of an
148 application, the department shall allocate credits based on the
149 dollar amount of contributions as certified in the application.
150 However, if the department cannot allocate the full amount of
151 credits certified in the application due to the limit on the
152 aggregate amount of credits that may be awarded under this
153 subsection in a calendar year, the department shall so notify the
154 applicant within thirty (30) days with the amount of credits, if
155 any, that may be allocated to the applicant in the calendar year.
156 Once the department has allocated credits to a taxpayer, if the
157 contribution for which a credit is allocated has not been made as
158 of the date of the allocation, then the contribution must be made
159 not later than sixty (60) days from the date of the allocation.
160 Documentation of the contribution must be received by the
161 department within seventy-five (75) days from the date of the
162 allocation or January 15 of the following year, whichever occurs
163 first. If the contribution is not made or the department does not
164 receive documentation of the contribution within such time period,
165 the allocation of credit shall be cancelled and returned to the
166 department for reallocation. Upon final documentation of the
167 contributions, if the actual dollar amount of the contributions is
168 lower than the amount estimated, the department shall adjust the
169 tax credit allowed under this subsection.



170 (f) The aggregate amount of tax credits that may be
171 allocated by the department under this subsection during a
172 calendar year shall not exceed Five Million Dollars
173 (\$5,000,000.00).

174 (g) The department shall not allocate any credits
175 under this subsection after December 31, 2027.

176 **SECTION 2.** Section 1 of this act shall be codified as a new
177 section in Chapter 7, Title 27, Mississippi Code of 1972.

178 **SECTION 3.** Nothing in this act shall affect or defeat any
179 claim, assessment, appeal, suit, right or cause of action for
180 taxes due or accrued under the income tax laws before the date on
181 which this act becomes effective, whether such claims,
182 assessments, appeals, suits or actions have been begun before the
183 date on which this act becomes effective or are begun thereafter;
184 and the provisions of the income tax laws are expressly continued
185 in full force, effect and operation for the purpose of the
186 assessment, collection and enrollment of liens for any taxes due
187 or accrued and the execution of any warrant under such laws before
188 the date on which this act becomes effective, and for the
189 imposition of any penalties, forfeitures or claims for failure to
190 comply with such laws.

191 **SECTION 4.** This act shall take effect and be in force from
192 and after January 1, 2023.

