

By: Representatives Morris, Smith (39th),
McCoy

To: Ways and Means

HOUSE BILL NO. 1074

1 AN ACT TO AMEND SECTION 57-75-5, MISSISSIPPI CODE OF 1972, TO
2 REVISE THE DEFINITION OF THE TERM "PROJECT" FOR PURPOSES OF THE
3 MISSISSIPPI MAJOR ECONOMIC IMPACT ACT TO REVISE THE TYPE OF JOBS
4 THAT MAY BE CONSIDERED IN DETERMINING WHETHER A PROJECT MEETS THE
5 MINIMUM JOBS REQUIREMENT FOR CERTAIN PROJECTS UNDER SUCH ACT; TO
6 AMEND SECTION 27-7-22.19, MISSISSIPPI CODE OF 1972, TO PROVIDE
7 THAT THE JOBS TAX CREDIT AUTHORIZED FOR INTEGRATED SUPPLIERS OF
8 CERTAIN PROJECTS DEVELOPED UNDER THE MISSISSIPPI MAJOR ECONOMIC
9 IMPACT ACT MAY NOT EXCEED FIFTY PERCENT OF THE TAXPAYER'S STATE
10 INCOME TAX LIABILITY THAT IS ATTRIBUTABLE TO INCOME DERIVED FROM
11 OPERATION IN THE STATE FOR A TAX YEAR; AND FOR RELATED PURPOSES.

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

13 **SECTION 1.** Section 57-75-5, Mississippi Code of 1972, is
14 amended as follows:

15 57-75-5. Words and phrases used in this chapter shall have
16 meanings as follows, unless the context clearly indicates a
17 different meaning:

18 (a) "Act" means the Mississippi Major Economic Impact
19 Act as originally enacted or as hereafter amended.

20 (b) "Authority" means the Mississippi Major Economic
21 Impact Authority created pursuant to the act.

22 (c) "Bonds" means general obligation bonds, interim
23 notes and other evidences of debt of the State of Mississippi
24 issued pursuant to this chapter.

25 (d) "Facility related to the project" means and
26 includes any of the following, as the same may pertain to the
27 project within the project area: (i) facilities to provide
28 potable and industrial water supply systems, sewage and waste
29 disposal systems and water, natural gas and electric transmission
30 systems to the site of the project; (ii) airports, airfields and
31 air terminals; (iii) rail lines; (iv) port facilities; (v)



32 highways, streets and other roadways; (vi) public school
33 buildings, classrooms and instructional facilities, training
34 facilities and equipment, including any functionally related
35 facilities; (vii) parks, outdoor recreation facilities and
36 athletic facilities; (viii) auditoriums, pavilions, campgrounds,
37 art centers, cultural centers, folklore centers and other public
38 facilities; (ix) health care facilities, public or private; and
39 (x) fire protection facilities, equipment and elevated water
40 tanks.

41 (e) "Person" means any natural person, corporation,
42 association, partnership, receiver, trustee, guardian, executor,
43 administrator, fiduciary, governmental unit, public agency,
44 political subdivision, or any other group acting as a unit, and
45 the plural as well as the singular.

46 (f) "Project" means:

47 (i) Any industrial, commercial, research and
48 development, warehousing, distribution, transportation,
49 processing, mining, United States government or tourism enterprise
50 together with all real property required for construction,
51 maintenance and operation of the enterprise with an initial
52 capital investment of not less than Three Hundred Million Dollars
53 (\$300,000,000.00) from private or United States government sources
54 together with all buildings, and other supporting land and
55 facilities, structures or improvements of whatever kind required
56 or useful for construction, maintenance and operation of the
57 enterprise; or with an initial capital investment of not less than
58 One Hundred Fifty Million Dollars (\$150,000,000.00) from private
59 or United States government sources together with all buildings
60 and other supporting land and facilities, structures or
61 improvements of whatever kind required or useful for construction,
62 maintenance and operation of the enterprise and which creates at
63 least one thousand (1,000) net new full-time jobs; or which
64 creates at least one thousand (1,000) net new full-time jobs which



65 provides an average salary, excluding benefits which are not
66 subject to Mississippi income taxation, of at least one hundred
67 twenty-five percent (125%) of the most recently published average
68 annual wage of the state as determined by the Mississippi
69 Employment Security Commission. "Project" shall include any
70 addition to or expansion of an existing enterprise if such
71 addition or expansion has an initial capital investment of not
72 less than Three Hundred Million Dollars (\$300,000,000.00) from
73 private or United States government sources, or has an initial
74 capital investment of not less than One Hundred Fifty Million
75 Dollars (\$150,000,000.00) from private or United States government
76 sources together with all buildings and other supporting land and
77 facilities, structures or improvements of whatever kind required
78 or useful for construction, maintenance and operation of the
79 enterprise and which creates at least one thousand (1,000) net new
80 full-time jobs; or which creates at least one thousand (1,000) net
81 new full-time jobs which provides an average salary, excluding
82 benefits which are not subject to Mississippi income taxation, of
83 at least one hundred twenty-five percent (125%) of the most
84 recently published average annual wage of the state as determined
85 by the Mississippi Employment Security Commission. "Project"
86 shall also include any ancillary development or business resulting
87 from the enterprise, of which the authority is notified, within
88 three (3) years from the date that the enterprise entered into
89 commercial production, that the project area has been selected as
90 the site for the ancillary development or business.

91 (ii) Any major capital project designed to
92 improve, expand or otherwise enhance any active duty United States
93 Air Force or Navy training bases or naval stations, their support
94 areas or their military operations, upon designation by the
95 authority that any such base was or is at risk to be recommended
96 for closure or realignment pursuant to the Defense Base Closure
97 and Realignment Act of 1990; or any major development project



determined by the authority to be necessary to acquire base properties and to provide employment opportunities through construction of projects as defined in Section 57-3-5, which shall be located on or provide direct support service or access to such military installation property as such property exists on July 1, 1993, in the event of closure or reduction of military operations at the installation. From and after July 1, 1997, projects described in this subparagraph (ii) shall not be considered to be within the meaning of the term "project" for purposes of this section, unless such projects are commenced before July 1, 1997, and shall not be eligible for any funding provided under the Mississippi Major Economic Impact Act.

(iii) Any enterprise to be maintained, improved or constructed in Tishomingo County by or for a National Aeronautics and Space Administration facility in such county.

(iv) 1. Any major capital project with an initial capital investment from private sources of not less than Seven Hundred Fifty Million Dollars (\$750,000,000.00) which will create at least three thousand (3,000) jobs in the aggregate. For purposes of determining whether a project meets such minimum jobs requirement, the jobs created may be a combination of direct project related jobs, jobs created by suppliers of the project, jobs created for the purpose of providing services for the project and any other type of jobs meeting certain criteria established by the MDA.

2. "Project" shall also include any ancillary development or business resulting from an enterprise operating a project as defined in item 1 of this paragraph (f)(iv), of which the authority is notified, within three (3) years from the date that the enterprise entered into commercial production, that the state has been selected as the site for the ancillary development or business.



(v) Any major capital project designed to construct the corporate headquarters and initial factory, to be located in the Golden Triangle Region of the state, for any Mississippi corporation that develops, constructs and operates automated robotic systems to improve the quality of, and reduce the costs of, manufacturing wire harness assemblies for certain industries, or manufactures thin film polymer lithium-ion rechargeable batteries which project has a ten-year strategic plan of supporting one thousand (1,000) direct project-related jobs for each group of wire harness contracts amounting to Thirty-five Million Dollars (\$35,000,000.00), or which has a ten-year strategic plan of supporting one thousand five hundred (1,500) direct project-related jobs for each group of polymer lithium-ion rechargeable battery contracts amounting to Forty Million Dollars (\$40,000,000.00).

(vi) Any real property owned or controlled by the National Aeronautics and Space Administration, the United States government, or any agency thereof, which is legally conveyed to the State of Mississippi or to the State of Mississippi for the benefit of the Mississippi Major Economic Impact Authority, its successors and assigns pursuant to Section 212 of Public Law 104-99, enacted January 26, 1996 (110 Stat. 26 at 38).

(vii) Any major capital project designed to manufacture, produce and transmit electrical power using natural gas as its primary raw material to be constructed and maintained in Panola County, Mississippi, with an initial capital investment of not less than Two Hundred Fifty Million Dollars (\$250,000,000.00).

(g) "Project area" means the project site, together with any area or territory within the state lying within sixty-five (65) miles of any portion of the project site whether or not such area or territory be contiguous; provided, however, that for the project defined in paragraph (f)(iv) of this section



the term "project area" means any area or territory within the state. The project area shall also include all territory within a county if any portion of such county lies within sixty-five (65) miles of any portion of the project site. "Project site" means the real property on which the principal facilities of the enterprise will operate.

(h) "Public agency" means:

(i) Any department, board, commission, institution or other agency or instrumentality of the state;

(ii) Any city, town, county, political subdivision, school district or other district created or existing under the laws of the state or any public agency of any such city, town, county, political subdivision or district or any other public entity created or existing under local and private legislation;

(iii) Any department, commission, agency or instrumentality of the United States of America; and

(iv) Any other state of the United States of America which may be cooperating with respect to location of the project within the state, or any agency thereof.

(i) "State" means State of Mississippi.

(j) "Fee-in-lieu" means a negotiated fee to be paid by the project in lieu of any franchise taxes imposed on the project by Chapter 13, Title 27, Mississippi Code of 1972. The fee-in-lieu shall not be less than Twenty-five Thousand Dollars (\$25,000.00) annually. A fee-in-lieu shall not be negotiated for existing enterprises that fall within the definition of the term "project."

SECTION 2. Section 27-7-22.19, Mississippi Code of 1972, is amended as follows:

27-7-22.19. (1) Integrated suppliers are allowed a job tax credit for taxes imposed by Section 27-7-5 equal to One Thousand Dollars (\$1,000.00) annually for each net new full-time employee



for five (5) years from the date the credit commences. The credit shall commence on the date selected by the integrated supplier; provided, however, that the commencement date shall not be more than five (5) years from the date the integrated supplier commences commercial production. For the year in which the commencement date occurs, the number of new full-time jobs shall be determined by using the monthly average number of full-time employees subject to Mississippi income tax withholding. Thereafter, the number of new full-time jobs shall be determined by comparing the monthly average number of full-time employees subject to Mississippi income tax withholding for the taxable year with the corresponding period of the prior taxable year. Only those integrated suppliers that increase employment by twenty (20) or more are eligible for the credit. The credit is not allowed during any of the five (5) years if the net employment increase falls below twenty (20). The State Tax Commission shall adjust the credit allowed each year for the net new employment fluctuations above the minimum level of twenty (20).

(2) Any tax credit claimed under this section but not used in any taxable year may be carried forward for five (5) consecutive years from the close of the tax year in which the credits were earned. The credit that may be utilized each year shall be limited to an amount not greater than fifty percent (50%) of the taxpayer's state income tax liability which is attributable to income derived from operation in the state for that year.

(3) The tax credits provided for in this section shall be in lieu of the tax credits provided for in Section 57-73-21, and any integrated supplier utilizing the tax credit authorized in this section shall not utilize the tax credit authorized in Section 57-73-21.

(4) As used in this section the term "integrated supplier" means a supplier located on the project site which provides goods



228 or services on the project site solely for a project as defined in
229 Section 57-75-5(f)(iv)1.

230 **SECTION 3.** This act shall take effect and be in force from
231 and after its passage.

