

By: Senator(s) Chaney, White (29th), Kirby

To: Finance

SENATE BILL NO. 2277

1 AN ACT TO ENACT THE CERTIFIED CAPITAL COMPANY ACT; TO PROVIDE
2 THAT A CERTIFIED INVESTOR WHO MAKES AN INVESTMENT OF CERTIFIED
3 CAPITAL PURSUANT TO AN ALLOCATION UNDER THIS ACT SHALL EARN A
4 VESTED CREDIT AGAINST THE CERTIFIED INVESTOR'S INSURANCE PREMIUM
5 TAX LIABILITY EQUAL TO 100% OF THE CERTIFIED INVESTOR'S INVESTMENT
6 OF CERTIFIED CAPITAL; TO PROVIDE THAT A CERTIFIED INVESTOR IS
7 ENTITLED TO TAKE A MAXIMUM OF 10% OF THE VESTED TAX CREDIT IN ANY
8 TAX YEAR BEGINNING WITH THE TAX YEAR DURING WHICH THE INVESTMENT
9 IS MADE; TO PROVIDE THAT THE CREDIT CLAIMED IN ANY ONE TAX YEAR
10 SHALL NOT EXCEED THE TAX LIABILITY OF THE INVESTOR FOR THE YEAR
11 CLAIMED; TO PROVIDE THAT ALL UNUSED CREDIT MAY BE CARRIED FORWARD
12 UNTIL THE CREDIT IS USED UP; TO PROVIDE THAT THE TOTAL AMOUNT OF
13 CREDIT ALLOWED UNDER THIS ACT FOR ALL TAXPAYERS SHALL NOT EXCEED
14 \$50,000,000.00; TO PROVIDE FOR THE ALLOCATION OF SUCH CREDITS BY
15 THE MISSISSIPPI DEVELOPMENT AUTHORITY; TO LIMIT THE AMOUNT OF THE
16 TAX CREDIT ALLOCATION FOR EACH CERTIFIED INVESTOR; TO PROVIDE THAT
17 APPLICATION MUST BE MADE TO THE MISSISSIPPI DEVELOPMENT AUTHORITY
18 FOR CERTIFICATION AS A CERTIFIED CAPITAL COMPANY; TO PROVIDE FOR A
19 FEE FOR SUCH CERTIFICATION; TO PROVIDE FOR REVIEW OF THE
20 APPLICATIONS BY THE MISSISSIPPI DEVELOPMENT AUTHORITY; TO PROHIBIT
21 INSURANCE COMPANIES OR THEIR AFFILIATES FROM HAVING CERTAIN
22 INTERESTS IN CERTIFIED CAPITAL COMPANIES OR QUALIFIED BUSINESSES
23 IN WHICH A CERTIFIED CAPITAL COMPANY INVESTS; TO PROVIDE A
24 SCHEDULE BY WHICH CERTIFIED CAPITAL COMPANIES SHALL MAKE QUALIFIED
25 INVESTMENTS; TO REQUIRE CERTIFIED CAPITAL COMPANIES TO REPORT
26 CERTAIN INFORMATION TO THE MISSISSIPPI DEVELOPMENT AUTHORITY; TO
27 AUTHORIZE THE MISSISSIPPI DEVELOPMENT AUTHORITY TO ISSUE OPINIONS
28 AS TO WHETHER A BUSINESS IN WHICH A CERTIFIED CAPITAL COMPANY
29 PROPOSES TO INVEST IS A QUALIFIED BUSINESS; TO REQUIRE THE
30 MISSISSIPPI DEVELOPMENT AUTHORITY TO CONDUCT ANNUAL REVIEWS OF
31 CERTIFIED CAPITAL COMPANIES TO DETERMINE IF THE CERTIFIED CAPITAL
32 COMPANY IS ABIDING BY THE REQUIREMENTS OF CERTIFICATION; TO
33 PROVIDE FOR A FEE FOR SUCH REVIEW; TO PROVIDE PENALTIES FOR
34 DECERTIFICATION IN THE FORM OF LOSS OR REPAYMENT OF TAX CREDITS;
35 TO PROVIDE THAT ANY TAX CREDIT EARNED UNDER THIS ACT BY AN
36 INSURANCE COMPANY MAY NOT BE TRANSFERRED OR SOLD TO ANY OTHER
37 INSURANCE COMPANY EXCEPT A MEMBER OF THE INSURANCE COMPANY'S
38 AFFILIATED GROUP; AND FOR RELATED PURPOSES.

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

40 **SECTION 1.** This act shall be known and may be cited as the
41 "Certified Capital Company Act."

42 **SECTION 2.** As used in this act:

43 (a) "Affiliate of a certified capital company or
44 insurance company" means any of the following:



45 (i) A person, directly or indirectly beneficially
46 owning, whether through rights, options, convertible interests, or
47 otherwise, controlling or holding power to vote ten percent (10%)
48 or more of the outstanding voting securities or other ownership
49 interests of the certified capital company or insurance company,
50 as applicable.

51 (ii) A person, ten percent (10%) or more of whose
52 outstanding voting securities or other ownership interest is
53 directly or indirectly beneficially owned, whether through rights,
54 options, convertible interests, or otherwise, controlled, or held
55 with power to vote by the certified capital company or insurance
56 company, as applicable.

57 (iii) A person, directly or indirectly
58 controlling, controlled by, or under common control with the
59 certified capital company or insurance company, as applicable.

60 (iv) A partnership in which the certified capital
61 company or insurance company, as applicable, is a general partner.

62 (v) A person who is an officer, director, employee
63 or agent of the certified capital company or insurance company, as
64 applicable, or an immediate family member of the officer,
65 director, employee or agent.

66 (b) "Affiliated group" shall have, with respect to any
67 certified investor, the same meaning as described in Section 1504
68 of the Internal Revenue Code, except the reference to "at least
69 eighty percent" in Section 1504 shall be read as "more than fifty
70 percent," regardless of whether the certified investor files a
71 combined federal or state tax return.

72 (c) "Allocation date" means the date on which the
73 authority approves the allocation of the certified capital of the
74 certified investors of a certified capital company.

75 (d) "Authority" means the Mississippi Development
76 Authority.



77 (e) "Certified capital" means an investment of cash by
78 a certified investor in a certified capital company which fully
79 funds the purchase price of either of the following:

80 (i) An equity interest in the certified capital
81 company.

82 (ii) A qualified debt instrument.

83 (f) "Certified capital company" means a partnership,
84 corporation, trust, or limited liability company, whether
85 organized on a profit or not for profit basis, that has as its
86 primary business activity the investment of cash in qualified
87 businesses and that is certified by the authority as meeting the
88 criteria under this act.

89 (g) "Certified investor" means an insurance company
90 that does either of the following:

91 (i) Contributes certified capital pursuant to an
92 allocation of tax credits under Section 3 of this act.

93 (ii) Becomes irrevocably committed to contribute
94 certified capital by preparing and executing a tax credit
95 allocation claim.

96 (h) "Person" means a natural person or entity,
97 including a corporation, general or limited partnership, trust, or
98 limited liability company.

99 (i) "Qualified business" means a business other than a
100 business predominantly engaged in professional services provided
101 by accountants, lawyers or physicians that meets both of the
102 following conditions at the time of a certified capital company's
103 first investment in the business:

104 (i) Is headquartered in this state and its
105 principal business operations are located in this state.

106 (ii) Is a small business concern as defined in
107 Section 121.201 of the small business size regulations of the
108 United States Small Business Administration, 13 CFR 121.201.



109 (j) "Qualified debt instrument" means a debt instrument
110 issued by a certified capital company at par value or a premium
111 with an original maturity date of at least five (5) years from
112 date of issuance, a repayment schedule that is no faster than a
113 level principal amortization over five (5) years. A qualified
114 debt instrument does not include an equity component or any
115 interest, distribution, or payment features that are related to
116 the profitability of the certified capital company or the
117 performance of the certified capital company's investment
118 portfolio; provided that the holder of a qualified debt instrument
119 or an affiliate thereof may own a separate equity ownership
120 interest in the certified capital company or a separate instrument
121 with equity features to the extent that such ownership interest or
122 instrument precludes the receipt of distributions other than
123 qualified distributions until the certified capital company has
124 invested an amount equal to one hundred percent (100%) of its
125 certified capital in qualified investments.

126 (k) "Qualified distribution" means a distribution or
127 payment by a certified capital company from certified capital in
128 connection with either of the following:

129 (i) Reasonable costs and expenses of forming and
130 syndicating the certified capital company, including, but not
131 limited to, reasonable premiums or fees paid to a qualified policy
132 issuer, the reasonable costs of managing and operating the
133 certified capital company, including, but not limited to, an
134 annual management fee in an amount that does not exceed two and
135 one-half percent (2.5%) of the certified capital of the certified
136 capital company, and reasonable and necessary fees paid for
137 professional services such as legal and accounting services
138 related to the formation, syndication and operation of the
139 certified capital company.

140 (ii) Any projected increase in federal or state
141 taxes, including penalties and interest related to state and



142 federal income taxes, of the equity owners of a certified capital
143 company resulting from the earnings or other tax liability of the
144 certified capital company or the equity owners to the extent that
145 the increase is related to the ownership, management or operation
146 of a certified capital company or the issuance, repayment, or
147 redemption of the qualified debt instruments of the certified
148 capital company.

149 (l) "Qualified investment" means the investment of cash
150 by a certified capital company in a qualified business for the
151 purchase of any debt, equity or hybrid security, of any nature and
152 description, including a debt instrument or security that has the
153 characteristics of debt but that provides for conversion into
154 equity or equity participation instruments such as options or
155 warrants.

156 (m) "Qualified policy issuer" means an insurance
157 company or any affiliate of an insurance company that provides a
158 guaranty, indemnity, bond, insurance policy or other payment
159 undertaking in favor of the certified investors of a certified
160 capital company, and a participation interest in a loan to a
161 qualified business.

162 (n) "Tax credit allocation claim" means a claim for the
163 allocation of tax credits allowed under this act prepared,
164 executed, and filed with the authority by a certified investor on
165 a form provided by the authority that includes a statement that
166 the certified investor is legally bound and irrevocably committed
167 to make an investment of certified capital in a certified capital
168 company in the amount allocated under Section 3 of this act.

169 (o) "Tax liability" means any liability incurred by a
170 certified investor under the provisions of Sections 27-15-103
171 through 27-15-119.

172 **SECTION 3.** (1) A certified investor who makes an investment
173 of certified capital pursuant to an allocation under this act
174 shall, at the time of the investment, earn a vested credit against



175 the certified investor's tax liability equal to one hundred
176 percent (100%) of the certified investor's investment of certified
177 capital. A certified investor is entitled to take a maximum of
178 ten percent (10%) of the vested tax credit in any tax year of the
179 certified investor beginning July 1, 2005.

180 (2) The credit that can be claimed against the tax liability
181 of the certified investor in any one (1) tax year shall not exceed
182 the tax liability of the certified investor for that tax year.
183 All unused credits against tax liability may be carried forward
184 until the credit is fully utilized.

185 (3) A certified investor claiming a credit against tax
186 liability under this section is not required to pay any additional
187 retaliatory tax levied under the provisions of the Mississippi
188 Insurance Premium Tax Retaliatory Law (Sections 27-15-121 through
189 27-15-127), as a result of claiming the credit.

190 (4) The total amount of credits allowed under this section
191 for all taxpayers shall not exceed Fifty Million Dollars
192 (\$50,000,000.00). Tax credit allocation claims filed with respect
193 to investments in any one (1) certified capital company on an
194 aggregate basis with its affiliates shall not exceed Fifty Million
195 Dollars (\$50,000,000.00).

196 (5) Allocation of certified capital shall be made in the
197 order in which the tax credit allocation claims are received by
198 the authority. If two (2) or more tax credit allocation claims
199 are filed on the same day, they are considered to have been
200 received simultaneously.

201 (6) If the total maximum amount of credits under subsection
202 (4) of this section will be exceeded by allocations made based on
203 filings that are received simultaneously, the credit amount
204 requested shall be allocated on a pro rata basis. The pro rata
205 allocation for each certified investor shall be the product of
206 multiplying a fraction, the numerator of which is the amount of
207 the tax credit allocation claim for that certified investor and



208 the denominator of which is the total of all tax credit allocation
209 claims filed by all certified investors, by the maximum total
210 amount under subsection (4) of this section that have not
211 previously been allocated.

212 (7) Within ten (10) days after receiving a tax credit
213 allocation claim from a certified investor, the authority shall
214 notify that certified investor of the amount of the tax credits
215 allocated to that certified investor.

216 (8) If a certified investor does not invest certified
217 capital in a certified capital company within ten (10) business
218 days after receiving an allocation under this act, the certified
219 investor forfeits that portion of the allocation not invested.
220 Any amount of certified capital forfeited under this subsection
221 shall be reallocated to other certified investors on a pro rata
222 basis as provided for in subsection (6) of this section.

223 (9) The authority shall not approve a tax credit allocation
224 claim for any certified investor on an aggregate basis with its
225 affiliated group, whether in one or more certified capital
226 companies, for more than the greater of Ten Million Dollars
227 (\$10,000,000.00) or twenty percent (20%) of the maximum total
228 amount under subsection (4) of this section.

229 (10) Within there (3) business days of the investment of
230 certified capital by a certified investor within the timeframe
231 identified in subsection (8) of this section, the certified
232 capital company shall deliver to the authority a letter which
233 identifies each investor, and the date and amount of certified
234 capital invested and tax credits earned by such investor.

235 (11) Within ten (10) business days of the receipt by the
236 authority of a letter in the form identified in subsection (10) of
237 this section, the authority shall notify the State Tax Commission
238 of the insurance companies that are entitled to the tax credits.

239 **SECTION 4.** (1) The authority shall establish the procedures
240 for applying for certification as a certified capital company. An



241 applicant shall pay a nonrefundable application fee of Seven
242 Thousand Five Hundred Dollars (\$7,500.00) at the time of filing
243 the application with the authority. The application process shall
244 include a criminal background investigation and fingerprint cards
245 and resumes detailing work experience for all principals of the
246 certified capital company.

247 (2) A certified capital company's net worth at the time of
248 seeking certification shall be at least Five Hundred Thousand
249 Dollars (\$500,000.00), which shall be determined by the
250 unencumbered cash, marketable securities, and other liquid assets
251 of the certified capital company.

252 (3) The authority shall review the organizational documents
253 of each applicant for certification and the business history of
254 the applicant and determine whether the applicant's net worth in
255 the form of unencumbered cash, marketable securities, and other
256 liquid assets is at least Five Hundred Thousand Dollars
257 (\$500,000.00). The authority shall require that an applicant for
258 certification as a certified capital company submit both of the
259 following with its application:

260 (a) An audited balance sheet that contains an
261 unqualified opinion of an independent certified public accountant
262 issued not more than thirty-five (35) days before the application
263 date that states whether the applicant is in compliance with the
264 net worth requirements provided for in subsection (2) of this
265 section.

266 (b) Copies of all offering materials sent by the
267 applicant to potential certified investors or drafts of offering
268 materials.

269 (4) At least two (2) principals of the certified capital
270 company or a person employed to manage the funds of the certified
271 capital company shall have not less than five (5) years of
272 experience in the venture capital industry.



273 (5) Any offering material involving the sale of securities
274 of the certified capital company shall include the following
275 statement:

276 "By authorizing the formation of a certified capital company,
277 this state and the Mississippi Development Authority do not
278 necessarily endorse the quality of management or the potential for
279 earnings of that company and is not liable for damages or losses
280 to a certified investor in the company. Use of the word
281 'certified' in an offering does not constitute a recommendation or
282 endorsement of the investment by the Mississippi Development
283 Authority.

284 Investments in a prospective certified capital company prior
285 to the time the company is certified are not eligible for tax
286 credits. If any provision of this act is violated, the state and
287 the Mississippi Development Authority may require forfeiture of
288 unused tax credits and repayment of used tax credits."

289 (6) Within thirty (30) days after the application is filed,
290 the authority shall issue a certification as a certified capital
291 company or shall refuse to issue a certification. If the
292 authority refuses to issue a certification as a certified capital
293 company, the authority shall communicate in detail to the
294 applicant the grounds for the refusal, including suggestions for
295 remediation.

296 (7) The authority shall review all applications in the order
297 in which they are received by the authority. If the authority
298 receives more than one (1) application on the same day, the
299 authority shall consider the applications to have been received
300 simultaneously, except that an application that is incomplete or
301 an application for which the authority has requested additional
302 information and that information has not been provided within a
303 reasonable time as determined by the authority, is considered to
304 have been received on the date that the additional information is



305 submitted rather than on the date that the application was
306 originally submitted.

307 (8) No insurance company or any affiliate of an insurance
308 company shall:

309 (a) Directly or indirectly beneficially own, whether
310 through rights, options or convertible interests, ten percent
311 (10%) or more of the voting securities of a certified capital
312 company;

313 (b) Manage a certified capital company;

314 (c) Dictate the qualified businesses into which a
315 certified capital company invests; or

316 (d) Have, through ownership or any agreement or
317 understanding, the right to participate in ten percent (10%) or
318 more of the profits of the certified capital company, unless such
319 insurance company or affiliate of an insurance company is a
320 qualified policy issuer or any affiliate of a qualified policy
321 issuer.

322 This subsection shall not preclude a certified investor,
323 insurance company, or any other party from exercising its legal
324 rights and remedies, including interim management of a certified
325 capital company, in the event that a certified capital company is
326 in default of its statutory obligations or its contractual
327 obligations to a certified investor, insurance company or other
328 party.

329 **SECTION 5.** (1) A certified capital company shall make
330 qualified investments according to the following schedule:

331 (a) Within three (3) years after its allocation date, a
332 certified capital company shall have made qualified investments
333 cumulatively equal to at least thirty percent (30%) of its
334 certified capital.

335 (b) Within five (5) years after its allocation date, a
336 certified capital company shall have made qualified investments



337 cumulatively equal to at least fifty percent (50%) of its
338 certified capital.

339 (c) All certified capital not placed in qualified
340 investments by the certified capital company may be held or
341 invested in a manner that the certified capital company, in its
342 discretion, considers appropriate. Invested funds returned to a
343 certified capital company after being originally placed in
344 qualified investments may be placed again in qualified investments
345 and shall count toward any requirement of this act with respect to
346 making qualified investments with certified capital.

347 (2) Any business that is classified as a qualified business
348 at the time of the first investment in that business by a
349 certified capital company shall remain classified as a qualified
350 business and may receive follow-on investments from any certified
351 capital company, and the follow-on investments shall constitute
352 qualified investments, even though the business may not meet the
353 definition of a qualified business at the time of the follow-on
354 investments.

355 (3) No qualified investment shall be made at a cost to a
356 certified capital company greater than twenty percent (20%) of the
357 total certified capital of the certified capital company at the
358 time of investment.

359 (4) The aggregate cumulative amount of all qualified
360 investments made by the certified capital company from its
361 allocation date will be considered in the calculation of the
362 percentage requirements under this act.

363 (5) Each certified capital company shall report all of the
364 following to the authority:

365 (a) As soon as practicable after the receipt of
366 certified capital, the name of each certified investor from which
367 the certified capital was received, including the certified
368 investor's tax identification number, the amount of each certified



369 investor's investment of certified capital and tax credits, and
370 the date on which the certified capital was received.

371 (b) On or before January 31 of each year, the amount of
372 the certified capital company's certified capital at the end of
373 the immediately preceding calendar year, whether or not the
374 certified capital company has invested more than fifteen percent
375 (15%) of its total certified capital in any one (1) business, and
376 all qualified investments that the certified capital company made
377 during the immediately preceding calendar year.

378 (c) Within ninety (90) days after the close of each
379 fiscal year of the certified capital company, an audited financial
380 statement which shall include the opinion of an independent
381 certified public accountant. The audit shall address the methods
382 of operation and conduct of the business of the certified capital
383 company to determine if the certified capital company is complying
384 with applicable statutes and rules and that the funds received by
385 the certified capital company have been invested as required under
386 this act.

387 (6) On or before January 31 of each year, each certified
388 capital company shall pay an annual, nonrefundable certification
389 fee of Five Thousand Dollars (\$5,000.00) to the authority, which
390 shall not be required to be paid if the due date falls within six
391 (6) months of the initial allocation date of a certified capital
392 company.

393 **SECTION 6.** (1) Before making a proposed investment in a
394 specific business, a certified capital company may request a
395 written opinion from the authority as to whether the business in
396 which the certified capital company proposes to invest is a
397 qualified business.

398 (2) The authority shall notify the certified capital company
399 of its opinion not more than ten (10) days after the request is
400 made.



401 (3) If the authority determines that the business does not
402 meet the definition of a qualified business, the authority shall
403 provide the certified capital company with an explanation of its
404 determination.

405 (4) If the authority fails to respond within the ten-day
406 period allowed under this section, the business is considered a
407 qualified business for purposes of this act.

408 (5) The authority may determine that a business is a
409 qualified business for purposes of this act even if the business
410 does not meet the definition contained in the act if the authority
411 determines that an investment in the business by a certified
412 capital company would further economic development in this state.

413 **SECTION 7.** (1) A certified capital company may make
414 qualified distributions at any time.

415 (2) In order to make a distribution or payment from
416 certified capital other than a qualified distribution or a
417 distribution or payment permitted under subsection (3) of this
418 section, a certified capital company must have made qualified
419 investments in an amount cumulatively equal to one hundred percent
420 (100%) of its certified capital.

421 (3) Payments to debt holders of a certified capital company
422 may be made without restriction with respect to repayments of
423 principal and interest on indebtedness owed to them by a certified
424 capital company, including indebtedness of the certified capital
425 company on which certified investors earned tax credits. A debt
426 holder that is also a certified investor or equity holder of a
427 certified capital company may receive payments with respect to the
428 debt without restrictions.

429 **SECTION 8.** (1) The authority shall conduct an annual review
430 of each certified capital company to determine if the certified
431 capital company is abiding by the requirements of certification,
432 to advise the certified capital company as to the eligibility
433 status of its qualified investments, and to ensure that its



434 investments have not been made in violation of this act. The
435 authority shall not charge more than Five Thousand Dollars
436 (\$5,000.00) for the annual review and shall be paid by each
437 certified capital company.

438 (2) Any material or fraudulent misrepresentation made to the
439 authority in the process of certification as a certified capital
440 company or any material violation of Section 5(1) of this act is
441 grounds for decertification of a certified capital company. If
442 the authority determines that a certified capital company is not
443 in compliance with Section 5(1) of this act, the authority shall,
444 by written notice, inform the officers of the certified capital
445 company that the certified capital company may be subject to
446 decertification in one hundred twenty (120) days from the date of
447 mailing of the notice unless the deficiencies are corrected and
448 the certified capital company is again in compliance with all
449 requirements for certification.

450 (3) At the end of the 120-day period under subsection (2) of
451 this section, if the certified capital company is still not in
452 compliance with Section 5(1), the authority may send a notice of
453 decertification to the certified capital company and to all other
454 appropriate state agencies.

455 (4) Decertification of a certified capital company may cause
456 the recapture of tax credits previously claimed and the forfeiture
457 of future tax credits to be claimed by certified investors with
458 respect to the certified capital company, as follows:

459 (a) Decertification of a certified capital company
460 before the certified capital company has met the requirements of
461 Section 5(1)(a) shall cause the recapture of all tax credits
462 previously claimed and the forfeiture of all future tax credits to
463 be claimed by certified investors with respect to the certified
464 capital company.

465 (b) If after initial certification a certified capital
466 company subsequently fails to meet the requirements for



467 certification under Section 5(1)(b) after having met the
468 requirements for certification under Section 5(1)(a), thirty
469 percent (30%) of the tax credits earned by each certified investor
470 of the certified capital company will not be subject to recapture
471 or forfeiture; however, seventy percent (70%) of the tax credits
472 earned by each certified investor of the certified capital company
473 shall be subject to recapture or forfeiture.

474 (c) If a certified capital company has met all
475 requirements for certification under Section 5(1)(a) and (b) and
476 is subsequently decertified, fifty percent (50%) of the tax
477 credits earned by each certified investor of the certified capital
478 company will not be subject to recapture or forfeiture; however,
479 fifty percent (50%) of the tax credits earned by each certified
480 investor of the certified capital company shall be subject to
481 recapture or forfeiture if the certified capital company is
482 decertified within three (3) years after its allocation date.

483 (d) If a certified capital company has invested an
484 amount cumulatively equal to one hundred percent (100%) of its
485 certified capital in qualified investments, all tax credits
486 claimed or to be claimed by its certified investors are no longer
487 subject to recapture or forfeiture.

488 (5) If a certified capital company has invested an amount
489 cumulatively equal to one hundred percent (100%) of its certified
490 capital in qualified investments and has met all other
491 requirements under this act, the certified capital company is no
492 longer subject to regulation by the authority and is no longer
493 subject to the requirements of this act.

494 (6) The authority shall send written notice to the address
495 of each certified investor whose tax credit has been subject to
496 recapture or forfeiture using the address shown on the last tax
497 filing.

498 **SECTION 9.** (1) Any tax credit earned under this act by an
499 insurance company shall not be transferred or sold to any other



500 insurance company except to a member of the insurance company's
501 affiliated group.

502 (2) An insurance company may only transfer or sell tax
503 credits once during a calendar year, although on such date, the
504 insurance company may make several transfers to different members
505 of its affiliated group and each entity that purchases the tax
506 credits may not transfer the tax credits obtained during the year
507 of purchase. In any subsequent calendar year, the purchaser of
508 the tax credits may make one (1) election per year, if needed.

509 (3) An insurance company that transfers or sells tax credits
510 shall submit to the State Tax Commission, in writing, a
511 notification of such transfer or sale of tax credits within thirty
512 (30) days of the transfer or sale of such tax credits. The
513 notification shall include the insurance company's tax credit
514 balance prior to the transfer, the remaining balance after the
515 transfer, all tax identification numbers for both the transferor
516 and purchaser, the date of transfer and the amount transferred.

517 (4) The transfer or sale of tax credits shall not affect the
518 time schedule for taking such tax credits. Any tax credits
519 transferred or sold which are subject to recapture pursuant to
520 Section 8 of this act shall be the liability of the taxpayer that
521 actually claimed the tax credit.

522 **SECTION 10.** The authority may promulgate rules necessary to
523 administer this act pursuant to the Mississippi Administrative
524 Procedures Act.

525 **SECTION 11.** This act shall take effect and be in force from
526 and after July 1, 2005.

