

By: Representatives Watson, Howell

To: Ways and Means

COMMITTEE SUBSTITUTE  
FOR  
HOUSE BILL NO. 1669

1 AN ACT TO AMEND SECTION 57-73-21, MISSISSIPPI CODE OF 1972,  
2 TO AUTHORIZE PERMANENT BUSINESS ENTERPRISES ENGAGED IN CERTAIN  
3 FINANCIAL SERVICES TO QUALIFY FOR THE JOB TAX CREDIT PROVIDED  
4 UNDER SUCH SECTION; AND FOR RELATED PURPOSES.

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

6 **SECTION 1.** Section 57-73-21, Mississippi Code of 1972, is  
7 amended as follows:

8 57-73-21. (1) Annually by December 31, using the most  
9 current data available from the University Research Center,  
10 Mississippi State Employment Security Commission and the United  
11 States Department of Commerce, the State Tax Commission shall rank  
12 and designate the state's counties as provided in this section.  
13 The twenty-eight (28) counties in this state having a combination  
14 of the highest unemployment rate and lowest per capita income for  
15 the most recent thirty-six-month period, with equal weight being  
16 given to each category, are designated Tier Three areas. The  
17 twenty-seven (27) counties in the state with a combination of the  
18 next highest unemployment rate and next lowest per capita income  
19 for the most recent thirty-six-month period, with equal weight  
20 being given to each category, are designated Tier Two areas. The  
21 twenty-seven (27) counties in the state with a combination of the  
22 lowest unemployment rate and the highest per capita income for the  
23 most recent thirty-six-month period, with equal weight being given  
24 to each category, are designated Tier One areas. Counties  
25 designated by the Tax Commission qualify for the appropriate tax  
26 credit for jobs as provided in subsections (2), (3) and (4) of  
27 this section. The designation by the Tax Commission is effective  
28 for the tax years of permanent business enterprises which begin

29 after the date of designation. For companies which plan an  
30 expansion in their labor forces, the Tax Commission shall  
31 prescribe certification procedures to ensure that the companies  
32 can claim credits in future years without regard to whether or not  
33 a particular county is removed from the list of Tier Three or Tier  
34 Two areas.

35 (2) Permanent business enterprises primarily engaged in  
36 manufacturing, processing, warehousing, distribution, wholesaling,  
37 financial services or research and development, or permanent  
38 business enterprises designated by rule and regulation of the  
39 Mississippi Development Authority as air transportation and  
40 maintenance facilities, final destination or resort hotels having  
41 a minimum of one hundred fifty (150) guest rooms, recreational  
42 facilities that impact tourism, movie industry studios,  
43 telecommunications enterprises, data or information processing  
44 enterprises or computer software development enterprises or any  
45 technology intensive facility or enterprise, in counties  
46 designated by the Tax Commission as Tier Three areas are allowed a  
47 job tax credit for taxes imposed by Section 27-7-5 equal to Two  
48 Thousand Dollars (\$2,000.00) annually for each net new full-time  
49 employee job for five (5) years beginning with years two (2)  
50 through six (6) after the creation of the job. The number of new  
51 full-time jobs must be determined by comparing the monthly average  
52 number of full-time employees subject to the Mississippi income  
53 tax withholding for the taxable year with the corresponding period  
54 of the prior taxable year. Only those permanent businesses that  
55 increase employment by ten (10) or more in a Tier Three area are  
56 eligible for the credit. Credit is not allowed during any of the  
57 five (5) years if the net employment increase falls below ten  
58 (10). The Tax Commission shall adjust the credit allowed each  
59 year for the net new employment fluctuations above the minimum  
60 level of ten (10).

61           (3) Permanent business enterprises primarily engaged in  
62 manufacturing, processing, warehousing, distribution, wholesaling,  
63 financial services or research and development, or permanent  
64 business enterprises designated by rule and regulation of the  
65 Mississippi Development Authority as air transportation and  
66 maintenance facilities, final destination or resort hotels having  
67 a minimum of one hundred fifty (150) guest rooms, recreational  
68 facilities that impact tourism, movie industry studios,  
69 telecommunications enterprises, data or information processing  
70 enterprises or computer software development enterprises or any  
71 technology intensive facility or enterprise, in counties that have  
72 been designated by the Tax Commission as Tier Two areas are  
73 allowed a job tax credit for taxes imposed by Section 27-7-5 equal  
74 to One Thousand Dollars (\$1,000.00) annually for each net new  
75 full-time employee job for five (5) years beginning with years two  
76 (2) through six (6) after the creation of the job. The number of  
77 new full-time jobs must be determined by comparing the monthly  
78 average number of full-time employees subject to Mississippi  
79 income tax withholding for the taxable year with the corresponding  
80 period of the prior taxable year. Only those permanent businesses  
81 that increase employment by fifteen (15) or more in Tier Two areas  
82 are eligible for the credit. The credit is not allowed during any  
83 of the five (5) years if the net employment increase falls below  
84 fifteen (15). The Tax Commission shall adjust the credit allowed  
85 each year for the net new employment fluctuations above the  
86 minimum level of fifteen (15).

87           (4) Permanent business enterprises primarily engaged in  
88 manufacturing, processing, warehousing, distribution, wholesaling,  
89 financial services or research and development, or permanent  
90 business enterprises designated by rule and regulation of the  
91 Mississippi Development Authority as air transportation and  
92 maintenance facilities, final destination or resort hotels having  
93 a minimum of one hundred fifty (150) guest rooms, recreational

94 facilities that impact tourism, movie industry studios,  
95 telecommunications enterprises, data or information processing  
96 enterprises or computer software development enterprises or any  
97 technology intensive facility or enterprise, in counties  
98 designated by the Tax Commission as Tier One areas are allowed a  
99 job tax credit for taxes imposed by Section 27-7-5 equal to Five  
100 Hundred Dollars (\$500.00) annually for each net new full-time  
101 employee job for five (5) years beginning with years two (2)  
102 through six (6) after the creation of the job. The number of new  
103 full-time jobs must be determined by comparing the monthly average  
104 number of full-time employees subject to Mississippi income tax  
105 withholding for the taxable year with the corresponding period of  
106 the prior taxable year. Only those permanent businesses that  
107 increase employment by twenty (20) or more in Tier One areas are  
108 eligible for the credit. The credit is not allowed during any of  
109 the five (5) years if the net employment increase falls below  
110 twenty (20). The Tax Commission shall adjust the credit allowed  
111 each year for the net new employment fluctuations above the  
112 minimum level of twenty (20).

113 (5) In addition to the credits authorized in subsections  
114 (2), (3) and (4), an additional Five Hundred Dollars (\$500.00)  
115 credit for each net new full-time employee or an additional One  
116 Thousand Dollars (\$1,000.00) credit for each net new full-time  
117 employee who is paid a salary, excluding benefits which are not  
118 subject to Mississippi income taxation, of at least one hundred  
119 twenty-five percent (125%) of the average annual wage of the state  
120 or an additional Two Thousand Dollars (\$2,000.00) credit for each  
121 net new full-time employee who is paid a salary, excluding  
122 benefits which are not subject to Mississippi income taxation, of  
123 at least two hundred percent (200%) of the average annual wage of  
124 the state, shall be allowed for any company establishing or  
125 transferring its national or regional headquarters from within or  
126 outside the State of Mississippi. A minimum of thirty-five (35)

127 jobs must be created to qualify for the additional credit. The  
128 State Tax Commission shall establish criteria and prescribe  
129 procedures to determine if a company qualifies as a national or  
130 regional headquarters for purposes of receiving the credit awarded  
131 in this subsection. As used in this subsection, the average  
132 annual wage of the state is the most recently published average  
133 annual wage as determined by the Mississippi Employment Security  
134 Commission.

135 (6) In addition to the credits authorized in subsections  
136 (2), (3), (4) and (5), any job requiring research and development  
137 skills (chemist, engineer, etc.) shall qualify for an additional  
138 One Thousand Dollars (\$1,000.00) credit for each net new full-time  
139 employee.

140 (7) Tax credits for five (5) years for the taxes imposed by  
141 Section 27-7-5 shall be awarded for additional net new full-time  
142 jobs created by business enterprises qualified under subsections  
143 (2), (3), (4), (5) and (6) of this section. The Tax Commission  
144 shall adjust the credit allowed in the event of employment  
145 fluctuations during the additional five (5) years of credit.

146 (8) The sale, merger, acquisition, reorganization,  
147 bankruptcy or relocation from one county to another county within  
148 the state of any business enterprise may not create new  
149 eligibility in any succeeding business entity, but any unused job  
150 tax credit may be transferred and continued by any transferee of  
151 the business enterprise. The Tax Commission shall determine  
152 whether or not qualifying net increases or decreases have occurred  
153 or proper transfers of credit have been made and may require  
154 reports, promulgate regulations, and hold hearings as needed for  
155 substantiation and qualification.

156 (9) Any tax credit claimed under this section but not used  
157 in any taxable year may be carried forward for five (5) years from  
158 the close of the tax year in which the qualified jobs were  
159 established but the credit established by this section taken in

160 any one (1) tax year must be limited to an amount not greater than  
161 fifty percent (50%) of the taxpayer's state income tax liability  
162 which is attributable to income derived from operations in the  
163 state for that year.

164 (10) No business enterprise for the transportation,  
165 handling, storage, processing or disposal of hazardous waste is  
166 eligible to receive the tax credits provided in this section.

167 (11) The credits allowed under this section shall not be  
168 used by any business enterprise or corporation other than the  
169 business enterprise actually qualifying for the credits.

170 (12) The tax credits provided for in this section shall be  
171 in addition to any tax credits described in Sections 57-51-13(b),  
172 57-53-1(1)(a) and 57-54-9(b) and granted pursuant to official  
173 action by the Department of Economic Development prior to July 1,  
174 1989, to any business enterprise determined prior to July 1, 1989,  
175 by the Department of Economic Development to be a qualified  
176 business as defined in Section 57-51-5(f) or Section 57-54-5(d) or  
177 a qualified company as described in Section 57-53-1, as the case  
178 may be; however, from and after July 1, 1989, tax credits shall be  
179 allowed only under either this section or Sections 57-51-13(b),  
180 57-53-1(1)(a) and Section 57-54-9(b) for each net new full-time  
181 employee.

182 (13) As used in this section, the term "telecommunications  
183 enterprises" means entities engaged in the creation, display,  
184 management, storage, processing, transmission or distribution for  
185 compensation of images, text, voice, video or data by wire or by  
186 wireless means, or entities engaged in the construction, design,  
187 development, manufacture, maintenance or distribution for  
188 compensation of devices, products, software or structures used in  
189 the above activities. Companies organized to do business as  
190 commercial broadcast radio stations, television stations or news  
191 organizations primarily serving in-state markets shall not be

192 included within the definition of the term "telecommunications  
193 enterprises."

194 (14) As used in this section, the term "financial services"  
195 means a service offered by a major business facility in the State  
196 of Mississippi that is primarily engaged, directly or indirectly,  
197 or by electronic activity, in marketing, originating, managing,  
198 processing, financing, securitizing, servicing or collecting both  
199 federally guaranteed and private education loans and related  
200 education consolidation loans.

201 **SECTION 2.** This act shall take effect and be in force from  
202 and after January 1, 2005.