

By: Representative Watson

To: Ways and Means

HOUSE BILL NO. 1711

1 AN ACT TO PROVIDE AN INCOME TAX JOB CREDIT FOR CERTAIN  
2 BUSINESS ENTERPRISES IN ECONOMICALLY DISTRESSED COMMUNITIES; TO  
3 PROVIDE FOR THE DESIGNATION OF SUCH COMMUNITIES AND THE AMOUNT OF  
4 SUCH CREDIT; AND FOR RELATED PURPOSES.

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

6 **SECTION 1.** (1) As used in this section:

7 (a) "Business enterprises" means entities primarily  
8 engaged in:

9 (i) Manufacturing, processing, warehousing,  
10 distribution, wholesaling and research and development, or

11 (ii) Permanent business enterprises designated by  
12 rule and regulation of the Mississippi Development Authority as  
13 air transportation and maintenance facilities, final destination  
14 or resort hotels having a minimum of one hundred fifty (150) guest  
15 rooms, recreational facilities that impact tourism, movie industry  
16 studios, telecommunications enterprises, data or information  
17 processing enterprises or computer software development  
18 enterprises or any technology intensive facility or enterprise.

19 (b) "Geographic unit" means supervisors districts,  
20 incorporated areas, wards or similar units within an incorporated  
21 area, census tracts, block numbering areas and block groups.

22 (c) "Economically distressed community" means a  
23 geographic unit in which at least thirty percent (30%) of the  
24 residents have incomes that are less than the national poverty  
25 level as published by the United States Bureau of the Census in  
26 the most recent decennial census for which data is available; in  
27 which the unemployment rate is at least one and one-half (1-1/2)  
28 times greater than the national average, as determined by the most

29 recent data from the United States Bureau of Labor Statistics,  
30 including estimates of unemployment developed using the  
31 calculation method of the United States Bureau of Labor Statistics  
32 Census Share; the boundaries of which are contiguous; and

33 (i) The population of which is at least four  
34 thousand (4,000) if any portion of the area is located within a  
35 metropolitan area with a population of fifty thousand (50,000), or  
36 more; or

37 (ii) The population of which is at least one  
38 thousand (1,000) if no portion of the area is located within a  
39 metropolitan area with a population of fifty thousand (50,000), or  
40 more.

41 (d) "Telecommunications enterprises" means entities  
42 engaged in the creation, display, management, storage, processing,  
43 transmission or distribution for compensation of images, text,  
44 voice, video or data by wire or by wireless means, or entities  
45 engaged in the construction, design, development, manufacture,  
46 maintenance or distribution for compensation of devices, products,  
47 software or structures used in the above activities. Companies  
48 organized to do business as commercial broadcast radio stations,  
49 television stations or news organizations primarily serving  
50 in-state markets shall not be included within the definition of  
51 the term "telecommunications enterprises."

52 (2) (a) The board of supervisors of a county may designate  
53 geographic units within the county that are not within an  
54 incorporated area as an economically distressed community.

55 (b) The governing authorities of an incorporated area  
56 may designate geographic units within the incorporated area as an  
57 economically distressed community.

58 (c) If the geographic unit is located in an  
59 incorporated area and in an area outside the incorporated area,  
60 the board of supervisors of the county and the governing

61 authorities of the incorporated area may jointly designate such  
62 geographic units as economically distressed communities.

63 (3) Upon designation of geographic units as an economically  
64 distressed community, the board of supervisors of a county or the  
65 governing authorities of an incorporated area, or both, as  
66 appropriate, shall apply to the State Tax Commission for  
67 certification of the geographic unit as an economically distressed  
68 community. Such application shall provide the information  
69 necessary to establish certification as an economically distressed  
70 community. The State Tax Commission shall certify a geographic  
71 unit as an economically distressed community if it finds that the  
72 designation meets the criteria provided for in subsection (1)(c)  
73 of this section.

74 (4) Permanent business enterprises in areas certified by the  
75 State Tax Commission as economically distressed communities are  
76 allowed a job tax credit for taxes imposed by Section 27-7-5 equal  
77 to ten percent (10%) of the payroll of the enterprise for net new  
78 full-time employee jobs for five (5) years beginning with years  
79 two (2) through six (6) after the creation of the minimum number  
80 of jobs required by this subsection. The number of new full-time  
81 jobs must be determined by comparing the monthly average number of  
82 full-time employees subject to the Mississippi income tax  
83 withholding for the taxable year with the corresponding period of  
84 the prior taxable year. Only those permanent business enterprises  
85 that increase employment by ten (10) or more in an economically  
86 distressed community are eligible for the credit. Credit is not  
87 allowed during any of the five (5) years if the net employment  
88 increase falls below ten (10). The State Tax Commission shall  
89 adjust the credit allowed each year for the net new employment  
90 fluctuations above the minimum level of ten (10).

91 (5) Tax credits for five (5) years for the taxes imposed by  
92 Section 27-7-5 shall be awarded for additional net new full-time  
93 jobs created by business enterprises qualified under this section.

94 The State Tax Commission shall adjust the credit allowed in the  
95 event of payroll fluctuations during the additional five (5) years  
96 of credit.

97 (6) The sale, merger, acquisition, reorganization,  
98 bankruptcy or relocation from one (1) county to another county  
99 within the state of any business enterprise may not create new  
100 eligibility in any succeeding business entity, but any unused job  
101 tax credit may be transferred and continued by any transferee of  
102 the business enterprise. The State Tax Commission shall determine  
103 whether or not qualifying net increases or decreases have occurred  
104 or proper transfers of credit have been made and may require  
105 reports, promulgate regulations, and hold hearings as needed for  
106 substantiation and qualification.

107 (7) Any tax credit claimed under this section but not used  
108 in any taxable year may be carried forward for five (5) years from  
109 the close of the tax year in which the qualified jobs were  
110 established but the credit established by this section taken in  
111 any one (1) tax year must be limited to an amount not greater than  
112 fifty percent (50%) of the taxpayer's state income tax liability  
113 which is attributable to income derived from operations in the  
114 state for that year.

115 (8) No business enterprise for the transportation, handling,  
116 storage, processing or disposal of hazardous waste is eligible to  
117 receive the tax credits provided in this section.

118 (9) The credits allowed under this section shall not be used  
119 by any business enterprise or corporation other than the business  
120 enterprise actually qualifying for the credits.

121 (10) A business enterprise that receives a tax credit under  
122 this section shall not be eligible for the tax credit authorized  
123 in Section 57-73-21(2), (3) and (4).

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