

By: Senator(s) Robertson

To: Finance

SENATE BILL NO. 3106

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

29 United States Bureau of Labor Statistic's most recent data,
30 including estimates of unemployment developed using the United
31 States Bureau of Labor Statistic's Census Share calculation
32 method; 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. The application shall contain the information
69 necessary to establish the certification of a geographic unit as
70 an economically distressed community. The State Tax Commission
71 shall certify a geographic unit as an economically distressed
72 community if it finds that the designation meets the criteria
73 provided for in subsection (1)(a) 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 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 Tax Commission shall adjust the credit allowed in the event of
95 payroll fluctuations during the additional five (5) years of
96 credit.

97 (6) The sale, merger, acquisition, reorganization,
98 bankruptcy or relocation from one county to another county within
99 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 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.