

REPORT OF CONFERENCE COMMITTEE

MR. SPEAKER AND MADAM PRESIDENT:

We, the undersigned conferees, have had under consideration the amendments to the following entitled BILL:

H. B. No. 1711: Income tax; authorize a credit for certain business enterprises creating new jobs in economically distressed communities.

We, therefore, respectfully submit the following report and recommendation:

1. That the Senate recede from its Amendment No. 1.
2. That the House and Senate adopt the following amendment:

Amend by striking all after the enacting clause and inserting in lieu thereof the following:

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

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

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

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

20 (b) "Economically distressed community" means an area
21 within a municipality that contains groupings of census tracts
22 that include and are contiguous to the central business district,
23 where within such census tract groupings at least thirty percent
24 (30%) of the residents have incomes that are less than the
25 national poverty level as published by the United States Bureau of
26 the Census in the most recent decennial census for which data is
27 available; in which the unemployment rate is at least one and

28 one-half (1-1/2) times greater than the national average, as
29 determined by the most recent data from the United States Bureau
30 of Labor Statistics, including estimates of unemployment developed
31 using the calculation method of the United States Bureau of Labor
32 Statistics Census Share; and

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

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

41 (c) "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) The governing authorities of a municipality may
53 designate an area within such municipality as an economically
54 distressed community.

55 (3) Upon designation of an area within a municipality as an
56 economically distressed community, the governing authorities of a
57 municipality shall apply to the State Tax Commission for
58 certification of the area as an economically distressed community.
59 Such application shall provide the information necessary to

60 establish certification as an economically distressed community.
61 The State Tax Commission shall certify an area within a
62 municipality as an economically distressed community if it finds
63 that the designation meets the criteria provided for in subsection
64 (1)(b) of this section.

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

83 (5) Tax credits for five (5) years for the taxes imposed by
84 Section 27-7-5 shall be awarded for additional net new full-time
85 jobs created by business enterprises qualified under this section.
86 The State Tax Commission shall adjust the credit allowed in the
87 event of payroll fluctuations during the additional five (5) years
88 of credit.

89 (6) The sale, merger, acquisition, reorganization,
90 bankruptcy or relocation from one (1) county to another county
91 within the state of any business enterprise may not create new

92 eligibility in any succeeding business entity, but any unused job
93 tax credit may be transferred and continued by any transferee of
94 the business enterprise. The State Tax Commission shall determine
95 whether or not qualifying net increases or decreases have occurred
96 or proper transfers of credit have been made and may require
97 reports, promulgate regulations, and hold hearings as needed for
98 substantiation and qualification.

99 (7) Any tax credit claimed under this section but not used
100 in any taxable year may be carried forward for five (5) years from
101 the close of the tax year in which the qualified jobs were
102 established but the credit established by this section taken in
103 any one (1) tax year must be limited to an amount not greater than
104 fifty percent (50%) of the taxpayer's state income tax liability
105 which is attributable to income derived from operations in the
106 state for that year.

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

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

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

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

**Further, amend by striking the title in its entirety and
inserting in lieu thereof the following:**

1 AN ACT TO PROVIDE AN INCOME TAX JOB CREDIT FOR CERTAIN
2 BUSINESS ENTERPRISES IN AREAS WITHIN MUNICIPALITIES CERTIFIED AS

3 ECONOMICALLY DISTRESSED COMMUNITIES; TO PROVIDE FOR THE
4 DESIGNATION OF SUCH COMMUNITIES AND THE AMOUNT OF SUCH CREDIT; AND
5 FOR RELATED PURPOSES.

CONFEREES FOR THE HOUSE

X (SIGNED)
Watson

X (SIGNED)
Fredericks

X (SIGNED)
Compretta

CONFEREES FOR THE SENATE

X (SIGNED)
Robertson

X (SIGNED)
Butler

X (SIGNED)
Pickering