

By: Senator(s) Kirby

To: Insurance; Finance

SENATE BILL NO. 2145

1 AN ACT TO PROVIDE A CREDIT AGAINST STATE PREMIUM TAX FOR  
 2 INSURANCE COMPANIES THAT LOCATE OR EXPAND AN OPERATIONS CENTER OR  
 3 PROCESSING CENTER IN THIS STATE IN AN AMOUNT EQUAL TO 10% OF THE  
 4 NEW INVESTMENT DIRECTLY RELATED TO THE NET NEW FULL-TIME JOBS  
 5 CREATED BY THE LOCATION OR EXPANSION IN THIS STATE OF THE  
 6 OPERATIONS CENTER OR CLAIMS CENTER; TO PROVIDE THAT ONLY INSURANCE  
 7 COMPANIES WHOSE OPERATIONS CENTER OR CLAIMS CENTER INCREASE  
 8 EMPLOYMENT BY AT LEAST 25 NET NEW FULL-TIME EMPLOYEE JOBS SHALL BE  
 9 ELIGIBLE FOR THE CREDIT; TO AUTHORIZE THE CREDIT TO BE CARRIED  
 10 FORWARD FOR 7 YEARS; TO INCREASE THE STATE PREMIUM TAX LIABILITY  
 11 FOR INSURANCE COMPANIES THAT SELL, DISPOSE OF, RAZE, OR OTHERWISE  
 12 RENDER UNUSABLE ALL OR A PART OF THE LAND, BUILDINGS, OR OTHER  
 13 EXISTING STRUCTURES FOR WHICH A CREDIT WAS CLAIMED; AND FOR  
 14 RELATED PURPOSES.

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

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

17 (a) "Insurance company" means an insurance company  
 18 regulated by the Commissioner of Insurance.

19 (b) "State premium tax liability" means any liability  
 20 incurred by an insurance company under the provisions of Sections  
 21 27-15-103 through 27-15-119 and Sections 27-15-121 through  
 22 27-15-127, or in the case of a repeal or reduction by the state of  
 23 the tax imposed by Sections 27-15-103 through 27-15-119 or  
 24 Sections 27-15-121 through 27-15-127, any other tax imposed upon  
 25 an insurance company by this state.

26 (c) "New investment" means:

27 (i) The purchase price of real property and any  
 28 buildings and structures located on the real property associated  
 29 with the location or expansion.

30 (ii) The cost of machinery and equipment purchased  
 31 for use in the operation of the operations center or claims  
 32 center, the purchase price of which has been depreciated in  
 33 accordance with generally accepted accounting principles, and the

34 cost of improvements made to real property which is used in the  
35 operation of the operations center or claims center.

36 (iii) The annual base rent paid to a third party  
37 developer by an insurance company for a period not to exceed ten  
38 (10) years, provided the cumulative cost of the base rent payments  
39 for that period does not exceed the cost of the land and the third  
40 party developer's costs to build or renovate the building for the  
41 insurance company. The insurance company must enter into a lease  
42 agreement with the third party developer for a minimum of ten (10)  
43 years.

44 (2) An insurance company that locates or expands an  
45 operations center or processing center in this state shall be  
46 allowed a credit against the company's state premium tax liability  
47 in an amount equal to ten percent (10%) of the new investment  
48 directly related to the net new full-time jobs created by the  
49 location or expansion in this state of the operations center or  
50 claims center. Only insurance companies whose operations center  
51 or claims center increase employment by at least twenty-five (25)  
52 net new full-time employee jobs shall be eligible for the credit.  
53 The number of new full-time jobs shall be determined by comparing  
54 the monthly average number of full-time employees subject to the  
55 Mississippi income tax withholding for the taxable year with the  
56 corresponding period of the prior taxable year. Any credit in  
57 excess of the state premium tax liability for the tax year may be  
58 carried forward for the following seven (7) tax years.

59 (3) If within five (5) years of purchase, the insurance  
60 company sells, disposes of, razes, or otherwise renders unusable  
61 all or a part of the land, buildings, or other existing structures  
62 for which a credit was claimed under this section, the state  
63 premium tax liability of the eligible business for the year in  
64 which all or part of the property is sold, disposed of, razed, or  
65 otherwise rendered unusable shall be increased by one (1) of the  
66 following amounts:

67           (a) One hundred percent (100%) of the tax credit  
68 claimed under this section if the property ceases to be eligible  
69 for the tax credit within one (1) year after being placed in  
70 service.

71           (b) Eighty percent (80%) of the tax credit claimed  
72 under this section if the property ceases to be eligible for the  
73 tax credit within two (2) years after being placed in service.

74           (c) Sixty percent (60%) of the tax credit claimed under  
75 this section if the property ceases to be eligible for the tax  
76 credit within three (3) years after being placed in service.

77           (d) Forty percent (40%) of the tax credit claimed under  
78 this section if the property ceases to be eligible for the tax  
79 credit within four (4) years after being placed in service.

80           (e) Twenty percent (20%) of the tax credit claimed  
81 under this section if the property ceases to be eligible for the  
82 tax credit within five (5) years after being placed in service.

83           **SECTION 2.** This act shall take effect and be in force from  
84 and after July 1, 2006.