



DELBERT HOSEMANN  
*Secretary of State*

## **2012 Business Incentives Study Group**

### **Minutes of the Business Incentives Study Group, Meeting #1**

**August 9, 2012**

This meeting of the Business Incentives Study Group (hereinafter the “Study Group” or the “Committee”) was called to order on Thursday, August 09, 2012 at 11:06 A.M. at the Office of the Secretary of State, 700 North Street, Jackson, Mississippi. A list of the persons in attendance is attached as Exhibit A.

#### **Welcome and Introduction**

Secretary of State Delbert Hosemann welcomed everyone and thanked all participants for giving their time to this year’s group. Drew Snyder, Assistant Secretary of State for the Policy and Research Division, reviewed the agenda and introduced the Secretary of State staff attending the meeting. All members in attendance were introduced, as well as those members who were in attendance by phone.

#### **Remarks by the Secretary**

Secretary Hosemann again thanked all of the members for their presence and dedication to this year’s group. Secretary Hosemann discussed the work of past years’ study groups and the successes which they have achieved in the Mississippi legislature. The Secretary addressed his goals for this year’s Business Incentives Group, specifically his goal to make Mississippi the most business friendly state in the nation. Secretary Hosemann emphasized the importance of small businesses in Mississippi’s future.

#### **Recap of 2012 Bills**

Justin Fitch, Policy and Research Division, gave a brief update on four bills which were a product of previous study groups and proposed to the 2012 Legislature. These bills passed the House but not the Senate.

- Headquarters Relocation Tax Credit – House Bill 972
- Expansion Relocation Tax Credit – House Bill 971
- Employee Pass-Through Jobs Tax Credit – House Bill 1264
- College Private Research Incentive Act Proposal – House Bill 1531

Following the presentation, Secretary Hosemann referred to the College Research bill as “critical” due to the decrease in funding to colleges and universities. In response to a question, Secretary Hosemann stated the tax credit would not be restricted to businesses formed in Mississippi, but would be available to any company with tax liability in Mississippi.

A discussion of the College Research bill followed. Andrew Laws, Huron Consulting Group, stated that while the bill has many good points, it may not improve a university's bottom line because federal funding generally includes administrative cost reimbursement while private funding does not.

### **Remarks by Kathy Gelston of the Mississippi Development Authority**

Kathy Gelston, Mississippi Development Authority, was introduced to the group and made a few remarks. Ms. Gelston indicated three areas needing improvement: (1) infrastructure, (2) workforce improvement, and (3) tax changes.

Ms. Gelston stated that companies expect infrastructure to be in place, creating an immediate uphill battle for rural communities. She further stated that a major consideration with locating companies is the size and quality of the workforce. She suggested a focus on workforce development, including emphasis on funding to community colleges for workforce training. Finally, Ms. Gelston suggested Mississippi should eventually eliminate the inventory and franchise taxes.

Discussion and questions followed Ms. Gelston's presentation. Healthcare was a major topic, specifically keeping doctors in Mississippi for residency programs and increasing the number of doctors in rural areas.

### **Overview of the Issues and Subcommittee Assignments**

Drew Snyder addressed the issue of internet sales tax collection, including two federal bills currently under consideration. Meg Bartlett, of the Mississippi Department of Revenue, was introduced to discuss internet sales tax.

Ms. Bartlett stated that Mississippi has served in an advisory capacity regarding the Streamlined Sales and Use Tax Agreement (SSUTA), but the state has not adopted the provisions of the agreement. Among the changes needed to adopt the SSUTA or simplification procedures under the federal bills, Mississippi would be required to: (1) have one state tax rate, (2) address sourcing (locality diversion), and (3) address the cost of collection which includes providing software to companies for tax collection purposes.

Following a discussion on internet sales tax and the need to make a level and fair business climate, Drew Snyder reviewed the subcommittee topics and requested group members join one or more subcommittees. As the subcommittee rosters were circulated, group members were invited to voice concerns and suggestions for additional topics. Suggestions included:

- Eliminating the discrepancy between foreign corporations and foreign LLCs doing business in Mississippi
- Return the "manager managed" selection box to LLC formation document
- Pursue online corporate formation
- Improve online services in Mississippi
  - Putting all information in one place
- Improve funding for infrastructure

### **Closing**

Drew Snyder thanked everyone for their participation and stated that he would be providing group members with subcommittee assignments and meeting dates. Secretary Hosemann also thanked everyone for their participation and attendance, and the meeting was adjourned.

## **EXHIBIT A**

### **Minutes of the Business Incentives Study Group, Meeting # 1**

**August 9, 2012**

#### Members in Attendance:

1. Meg Bartlett
2. Jill Beneke
3. Jan Craig
4. Peter DeBuekelaer
5. Roman Galeley
6. Kathy Gelston
7. Thomas Gregory
8. Derek Easley
9. Russell Hawkins
10. Lee Hill
11. Jetson Hollingsworth
12. Mark Hosemann
13. Henry Jones, II
14. Billy Klauser
15. Andrew Laws
16. Susan Lunardini
17. J. Allen McBroom
18. Joseph McNulty, III
19. Justin Peterson
20. Kenneth Rector
21. John Scott
22. Staci Tyler
23. Joshua West
24. Rep. Jason White
25. Watkins Wild
26. Clay Williams
27. Cory Wilson
28. Blake Wilson
29. Richard Wise
30. Geoffrey Yoste

#### Members in Attendance by Telephone:

1. Grant Callen
2. Chip Johnson
3. Jim Flanagan
4. Sen. Eugene "Buck" Clarke

#### Secretary of State's Staff:

1. Delbert Hosemann, Secretary of State

2. Diane Hawks, Chief-of-Staff
3. Drew Snyder, Assistant Secretary of State, Division of Policy and Research
4. Tom Riley, Assistant Secretary of State, Business Services
5. Justin Fitch, Senior Attorney, Division of Policy and Research
6. Preston Goff, Attorney, Division of Policy and Research
7. Lin Floyd, Senior Assistant /Legislative Liaison
8. Martin Hegwood, Senior Policy Advisor/Elections Attorney
9. Pamela Weaver, Communications Director
10. Tyler Rayborn, Legal Intern, Division of Policy and Research
11. Tori Applewhite, Legal Intern, Division of Policy and Research
12. Nathan Upchurch, Special Assistant to the Secretary of State