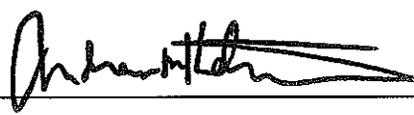


4/23/74

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Chapter No. 517
14/HR40/R947SG
JP 1&6

HOUSE BILL NO. 1365

Originated in House  Clerk

HOUSE BILL NO. 1365

AN ACT TO CREATE THE ECONOMIC DEVELOPMENT PROGRAMS TAX INCENTIVES EVALUATION ACT OF 2014; TO REQUIRE AN ANALYSIS OF ECONOMIC DEVELOPMENT PROGRAMS AND TAX INCENTIVES TO BE PREPARED BY THE UNIVERSITY RESEARCH CENTER IN CONSULTATION WITH THE DIRECTOR OF THE MISSISSIPPI DEVELOPMENT AUTHORITY AND THE EXECUTIVE DIRECTOR OF THE LEGISLATIVE BUDGET OFFICE; TO PROVIDE A SCHEDULE FOR THE ANALYSIS OF ECONOMIC DEVELOPMENT PROGRAMS AND TAX INCENTIVES; TO PROVIDE FOR THE CONTENTS OF SUCH ANALYSES; TO REQUIRE ALL DEPARTMENTS, OFFICES, BOARDS, AND AGENCIES OF THE STATE TO COOPERATE WITH THE UNIVERSITY RESEARCH CENTER AND PROVIDE TO THE UNIVERSITY RESEARCH CENTER ANY RECORDS, INFORMATION, DATA, AND DATA ANALYSIS AS MAY BE NECESSARY TO COMPLETE THE ANALYSES REQUIRED BY THIS ACT; TO REQUIRE THE MISSISSIPPI DEVELOPMENT AUTHORITY TO FILE AN ANNUAL REPORT REGARDING TAX CREDITS, LOANS AND GRANTS MADE, APPROVED OR AWARDED TO ITS CLIENTS AS A RESULT OF NEGOTIATIONS INVOLVING AN ECONOMIC DEVELOPMENT PROJECT; TO PROVIDE THAT CERTAIN INFORMATION SHALL BE INCLUDED IN SUCH REPORT; TO AMEND SECTIONS 57-13-47, 27-3-73, 27-7-83, 27-13-57, 27-65-81 AND 27-103-139, MISSISSIPPI CODE OF 1972, IN CONFORMITY THERETO; AND FOR RELATED PURPOSES.

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

SECTION 1. Sections 1 through 6 of this act shall be known and may be cited as the "Economic Development Programs and Tax Incentives Evaluation Act of 2014."

SECTION 2. The Legislature finds and declares that:

(a) The State of Mississippi relies on a number of tax incentives, including credits, exemptions, and deductions, and economic development programs that utilize the proceeds of state general obligation bonds to encourage businesses to locate, hire employees, expand, invest, and/or remain in the state;

(b) These various tax incentives and economic development programs are intended as a tool for economic development, promoting new jobs and business growth in Mississippi;

(c) The state needs a systematic approach for evaluating whether incentives are fulfilling their intended purposes in a cost-effective manner;

(d) In order to improve state government's effectiveness in serving the residents of this state, the Legislature finds it necessary to provide for the systematic and comprehensive analysis of economic development tax incentives and economic development programs, and for those analyses to be incorporated into the budget and policymaking processes.

SECTION 3. (1) As used in Sections 1 through 6 of this act:

(a) "Economic development tax incentive" includes those tax credits, deductions, exemptions, exclusions, and other preferential tax benefits or incentives enacted before or after the effective date of this act for the purpose of recruitment or retention of businesses in the State of Mississippi.

(b) "Economic development program" includes those statutory economic development programs that utilize the proceeds of state general obligation bonds for the purpose of recruitment or retention of businesses in the State of Mississippi.

(2) In determining whether a tax incentive or economic development program is or was enacted for "the purpose of recruitment or retention of businesses," the University Research Center shall consider legislative intent, including legislative statements of purpose and goals, and may also consider whether the tax incentive or program is promoted as a business incentive by the Mississippi Development Authority or other state agency.

SECTION 4. (1) In accordance with the following schedule, the tax expenditure report produced by the University Research Center pursuant to Section 57-13-47, shall include an additional component, consistent with Section 5 of this act and produced in consultation with the Director of the Mississippi Development Authority containing the following:

(a) Analyses of economic development tax incentives and economic development programs as enacted prior to July 1, 2014, shall be completed by December 31, 2015, and no less than once every four (4) years thereafter;

(b) Analyses of any economic development tax incentives and economic development programs created after July 1, 2014, shall be completed within five (5) years of taking effect, and no less than once every four (4) years thereafter.

(2) Not later than the first of February each year beginning with 2016, the Chairman of the Senate Finance Committee and the Chairman of the House Ways and Means Committee shall consider the tax expenditure report and hold at least one public hearing to deliberate the results of the analysis required in this section.

SECTION 5. (1) The analysis of tax incentives as required by Section 4 of this act shall include, but not be limited to:

(a) A baseline assessment of the tax incentive, including, if applicable, the number of aggregate jobs committed and created with the taxpayers receiving such tax incentive;

(b) The statutory and programmatic goals and intent of the tax incentive, if the goals and intentions are included in the incentive's enabling legislation;

(c) The number of taxpayers granted the tax incentive during the previous twelve-month period;

(d) The value of the tax incentive granted, and ultimately claimed, listed by the North American Industrial Classification System (NAICS) Code associated with the taxpayers receiving the benefit, if the NAICS Code is available;

(e) An estimate of the number of jobs that were the direct and indirect result of the incentive;

(f) An estimate of the revenues that were the direct and indirect result of the incentive;

(g) In the case of economic development tax incentives where measuring the economic impact is significantly limited due

to data constraints, provide a description of the limitations on the data used and whether any changes in statute would facilitate data collection in a way that would allow for better analysis;

(h) The methodology and assumptions used in carrying out the assessments, projections and analyses required pursuant to this subsection.

(i) When an incentive comparative analysis is conducted on behalf of the state, a final copy shall be submitted to the Chairman of the Senate Finance Committee and Chairman of the House Ways and Means Committee and also submitted with copies of this report.

(2) The analysis of economic development programs as required by Section 4 of this act shall include, but not be limited to, an analysis of the impact of the program which shall include a calculation of the costs related to the assistance provided under the program and corresponding benefits to the state derived from economic development related to the program, including, but not limited to, capital investment, job creation, job retention and/or increased tax revenue.

(3) All departments, offices, boards, and agencies of the state shall cooperate with the University Research Center and shall provide to the University Research Center any records, information (documentary and otherwise), data and data analysis as may be necessary to complete the analysis required by this section.

SECTION 6. Section 57-13-47, Mississippi Code of 1972, is amended as follows:

57-13-47. (1) For the purposes of this section the term "tax expenditure provision" means any statutory provision or state agency regulation which exempts, in whole or in part, any specific class or classes of persons, income, goods, services or property from the impact of established state taxes, including, but not limited to, those provisions known as tax deductions, tax allowances, tax exclusions, tax credits and tax exemptions.

(2) (a) The University Research Center shall annually prepare a report detailing the approximate costs in foregone revenue because of all state tax expenditure provisions, including those incorporated by conformance with the Federal Internal Revenue Code, in effect at the time of the report; however, the report to be submitted by November 1, 1986, may include tax expenditures only for sales taxes, use taxes and income taxes, and subsequent reports shall include tax expenditures for all taxes. The report shall also explain the policy purposes for each such tax expenditure provision and may show any indicators of effectiveness or ineffectiveness in achieving such policy purposes. If the Director of the University Research Center determines that preparation of such report shall adversely affect in a material manner any work or projects of the center which are being performed by staff persons preparing the report required by this section, the director may request the Legislative Budget

Committee to reduce the requirements of this section as to the contents of the report for one (1) year, but in no event shall the report contain less than the dollar amount of each such tax expenditure required to be included therein.

(b) The report shall include the analyses required by Sections 1 through 6 of this act.

(3) The University Research Center shall, on or before November 1 of each year, furnish five (5) copies of the report to the Secretary of the Senate and to the Clerk of the House of Representatives, two (2) copies to the Senate Finance and Appropriations Committees and to the House Ways and Means and Appropriations Committees, and a copy to each member of the State Fiscal Management Board and the Legislative Budget Committee. Each member of the Legislature shall be entitled to receive one (1) copy of the report upon request.

(4) All state agencies and all political subdivisions of the State of Mississippi, and the officers and employees thereof, shall cooperate with the center in preparing such report and shall provide any and all information, documents and materials requested by the center.

SECTION 7. (1) The Mississippi Development Authority (MDA) shall file an annual report with the Governor, Secretary of State, Secretary of the Senate and the Clerk of the House of Representatives not later than October 1 of each year regarding all tax credits, loans, rebates and grants made, approved or

awarded by MDA as a result of negotiations involving an economic development project. The report shall contain the following information:

- (a) The total amount of incentives approved or awarded;
- (b) The total amount of loans made by MDA;
- (c) The total amount of grants awarded by MDA; and
- (d) A description of standard terms for each loan

program.

(2) With respect to each client that receives or is awarded a tax credit, loan, rebate or grant referred to in subsection (1) of this section, the report shall include:

- (a) The name and county of operation of the recipient;
- (b) The amount of the loan, rebate or grant;
- (c) The purpose of the loan, rebate or grant;
- (d) The number of employees that the client agreed to hire, retain or train;
- (e) The amount of the financial investment that the client expects to make in this state as a result of the economic development project; and

(f) A list of projects that have met contractual requirements and have been closed out by MDA.

(3) The Department of Revenue shall provide MDA with the tax information that is required to be included in this report.

SECTION 8. Section 27-3-73, Mississippi Code of 1972, is amended as follows:

27-3-73. (1) Except in accordance with proper judicial order or as otherwise provided in this section or as authorized in Section 27-4-3, it shall be unlawful for the Commissioner of Revenue, or any deputy, agent, clerk or other officer or employee of the Department of Revenue, to divulge or make known in any manner the amount of income or any particulars set forth or disclosed in any report or return required on any taxes collected by reports received by the Department of Revenue. This provision relates to all taxes collected by the Department of Revenue and not referred to in Sections 27-7-83, 27-13-57 and 27-65-81, requiring confidentiality of income tax, franchise tax and sales tax returns. All system edits, thresholds, and any other automated system calculations used by the Department of Revenue in the processing of returns or statistics or used to determine the correct tax due for all taxes administered by the department shall be considered confidential information and may not be divulged or made known. Nothing in this section shall be construed to prohibit the publication of statistics, so classified as to prevent the identification of particular reports or returns and the items thereof, or the inspection by the Attorney General, or any other attorney representing the state, of the report or return of any taxpayer who shall bring action to set aside the tax thereon, or against whom an action or proceeding has been instituted to recover any tax or penalty imposed. Additionally, nothing in this section shall prohibit the Commissioner of Revenue

from making available information necessary to recover taxes owing the state pursuant to the authority granted in Section 27-75-16.

The term "proper judicial order" as used in this section shall not include subpoenas or subpoenas duces tecum but shall include only those orders entered by a court of record in this state after furnishing notice and a hearing to the taxpayer and the Department of Revenue. The court shall not authorize the furnishing of such information unless it is satisfied that the information is needed to pursue pending litigation wherein the return itself is in issue, or the judge is satisfied that the need for furnishing the information outweighs the rights of the taxpayer to have such information secreted.

However, information relating to possible tax liability to other states or the federal government may be furnished to the revenue departments of those states or the federal government when the states or federal government grant a like comity to Mississippi.

(2) The State Auditor and the employees of his office shall have the right to examine only such tax returns as are necessary for auditing the Department of Revenue, and the same prohibitions against disclosure which apply to the Department of Revenue shall apply to the State Auditor and his office.

(3) Officers and employees of the Mississippi Development Authority who execute a confidentiality agreement with the Department of Revenue shall be authorized to discuss and examine

information to which this section applies at the offices of the Mississippi Department of Revenue. This disclosure is limited to information necessary to properly administer the programs under the jurisdiction of the Mississippi Development Authority. The Department of Revenue is authorized to disclose to officers and employees of the Mississippi Development Authority who execute a confidentiality agreement the information necessary under the circumstances. The same prohibitions against disclosure which apply to the Department of Revenue shall apply to the officers or employees of the Mississippi Development Authority.

(4) Information required by the University Research Center to prepare the analyses required by Sections 1 through 6 of this act shall be furnished to the University Research Center upon request. It shall be unlawful for any officer or employee of the University Research Center to divulge or make known in any manner the amount of income or any particulars set forth or disclosed in any information received by the center from the Department of Revenue other than as may be required by Sections 1 through 6 of this act in an analysis prepared pursuant to Sections 1 through 6 of this act.

(5) Information required by the Mississippi Development Authority to prepare the reports required by Section 8 of this act shall be furnished to the Mississippi Development Authority upon request. It shall be unlawful for any officer or employee of the Mississippi Development Authority to divulge or make known in any

manner the amount of income or any particulars set forth or disclosed in any information received by the Mississippi Development Authority from the Department of Revenue other than as may be required by Section 8 of this act in a report prepared pursuant to Section 8 of this act.

(* * *6) Any person who violates the provisions of this section shall be guilty of a misdemeanor and, on conviction thereof, shall be fined not more than One Thousand Dollars (\$1,000.00) or imprisoned not more than six (6) months in the county jail, or both.

(* * *7) The Commissioner of Revenue and the Department of Revenue are authorized to disclose to the Child Support Unit and to the Fraud Investigation Unit of the Department of Human Services without the need for a subpoena or proper judicial order the name, address, social security number, amount of income, amount of sales tax, source of income, assets and other relevant information, records and tax forms for individuals who are delinquent in the payment of any child support as defined in Section 93-11-101 or who are under investigation for fraud or abuse of any state or federal program or statute as provided in Section 43-1-23.

SECTION 9. Section 27-7-83, Mississippi Code of 1972, is amended as follows:

27-7-83. (1) Returns and return information filed or furnished under the provisions of this chapter shall be

confidential, and except in accordance with proper judicial order, as otherwise authorized by this section or as authorized in Section 27-4-3, it shall be unlawful for the Commissioner of Revenue or any deputy, agent, clerk or other officer or employee of the Department of Revenue or the Mississippi Department of Information Technology Services, or any former employee thereof, to divulge or make known in any manner the amount of income or any particulars set forth or disclosed in any report or return required. The provisions of this section shall apply fully to any federal return, a copy of any portion of a federal return, or any information reflected on a federal return which is attached to or made a part of the state tax return. Likewise, the provisions of this section shall apply to any federal return or portion thereof, or to any federal return information data which is acquired from the Internal Revenue Service for state tax administration purposes pursuant to the Federal-State Exchange Program cited at Section 6103, Federal Internal Revenue Code. The term "proper judicial order" as used in this section shall not include subpoenas or subpoenas duces tecum, but shall include only those orders entered by a court of record in this state after furnishing notice and a hearing to the taxpayer and the Department of Revenue. The court shall not authorize the furnishing of such information unless it is satisfied that the information is needed to pursue pending litigation wherein the return itself is in issue, or the judge is

satisfied that the need for furnishing the information outweighs the rights of the taxpayer to have such information secreted.

(2) Returns and return information with respect to taxes imposed by this chapter shall be open to inspection by or disclosure to the Commissioner of the Internal Revenue Service of the United States, or the proper officer of any state imposing an income tax similar to that imposed by this chapter, or the authorized representatives of such agencies. Such inspection shall be permitted, or such disclosure made, only upon written request by the head of such agencies, or the district director in the case of the Internal Revenue Service, and only to the representatives of such agencies designated in a written statement to the Commissioner of Revenue as the individuals who are to inspect or to receive the return or return information on behalf of such agency. The Commissioner of Revenue is authorized to enter into agreements with the Internal Revenue Service and with other states for the exchange of returns and return information data, or the disclosure of returns or return information data to such agencies, only to the extent that the statutes of the United States or of such other state, as the case may be, grant substantially similar privileges to the proper officer of this state charged with the administration of the tax laws of this state.

(3) (a) The return of a person shall, upon written request, be open to inspection by or disclosure to:

(i) In the case of the return of an individual, that individual;

(ii) In the case of an income tax return filed jointly, either of the individuals with respect to whom the return is filed;

(iii) In the case of the return of a partnership, any person who was a member of such partnership during any part of the period covered by the return;

(iv) In the case of the return of a corporation or a subsidiary thereof, any person designated by resolution of its board of directors or other similar governing body, or any officer or employee of such corporation upon written request signed by any principal officer and attested to by the secretary or other officer;

(v) In the case of the return of an estate, the administrator, executor or trustee of such estate, and any heir at law, next of kin or beneficiary under the will, of the decedent, but only to the extent that such latter persons have a material interest which will be affected by information contained therein;

(vi) In the case of the return of a trust, the trustee or trustees, jointly or separately, and any beneficiary of such trust, but only to the extent that such beneficiary has a material interest which will be affected by information contained therein;

(vii) In the case of the return of an individual or a return filed jointly, any claimant agency seeking to collect a debt through the set-off procedure established in Sections 27-7-701 through 27-7-713 and Sections 27-7-501 through 27-7-519, from an individual with respect to whom the return is filed.

(b) If an individual described in paragraph (a) is legally incompetent, the applicable return shall, upon written request, be open to inspection by or disclosure to the committee, trustee or guardian of his estate.

(c) If substantially all of the property of the person with respect to whom the return is filed is in the hands of a trustee in bankruptcy or receiver, such return or returns for prior years of such person shall, upon written request, be open to inspection by or disclosure to such trustee or receiver, but only if the Commissioner of Revenue finds that such receiver or trustee, in his fiduciary capacity, has a material interest which will be affected by information contained therein.

(d) Any return to which this section applies shall, upon written request, also be open to inspection by or disclosure to the attorney-in-fact duly authorized in writing by any of the persons described in paragraph (a) of this subsection to inspect the return or receive the information on his behalf, subject to the conditions provided in paragraph (a).

(e) Return information with respect to any taxpayer may be open to inspection by or disclosure to any person authorized by

this subsection to inspect any return of such taxpayer if the Commissioner of Revenue determines that such disclosure would not seriously impair state tax administration.

(4) The State Auditor and the employees of his office shall have the right to examine only such tax returns as are necessary for auditing the Department of Revenue, and the same prohibitions against disclosure which apply to the Department of Revenue shall apply to the State Auditor and his employees or former employees.

(5) Officers and employees of the Mississippi Development Authority who execute a confidentiality agreement with the Department of Revenue shall be authorized to discuss and examine information to which this section applies at the offices of the Mississippi Department of Revenue. This disclosure is limited to information necessary to properly administer the programs under the jurisdiction of the Mississippi Development Authority. The Department of Revenue is authorized to disclose to officers and employees of the Mississippi Development Authority who execute a confidentiality agreement the information necessary under the circumstances. The same prohibitions against disclosure which apply to the Department of Revenue shall apply to the officers or employees of the Mississippi Development Authority.

(6) Information required by the University Research Center to prepare the analyses required by Sections 1 through 6 of this act shall be furnished to the University Research Center upon request. It shall be unlawful for any officer or employee of the

University Research Center to divulge or make known in any manner the amount of income or any particulars set forth or disclosed in any information received by the center from the Department of Revenue other than as may be required by Sections 1 through 6 of this act in an analysis prepared pursuant to Sections 1 through 6 of this act.

(7) Information required by the Mississippi Development Authority to prepare the reports required by Section 8 of this act shall be furnished to the Mississippi Development Authority upon request. It shall be unlawful for any officer or employee of the Mississippi Development Authority to divulge or make known in any manner the amount of income or any particulars set forth or disclosed in any information received by the Mississippi Development Authority from the Department of Revenue other than as may be required by Section 8 of this act in a report prepared pursuant to Section 8 of this act.

(* * *8) Nothing in this section shall be construed to prohibit the publication of statistics, so classified as to prevent the identification of particular reports or returns and the items thereof, or the inspection by the Attorney General, or any other attorney representing the state, of the report or return of any taxpayer who shall bring action to set aside the tax thereon, or against whom any action or proceeding has been instituted to recover any tax or penalty imposed.

(* * *9) Nothing in this section shall prohibit the commissioner from making available information necessary to recover taxes owing the state pursuant to the authority granted in Section 27-75-16.

(* * *10) Reports and returns required under the provisions of this chapter shall be preserved in accordance with approved records control schedules. No records, however, may be destroyed without the approval of the Director of the Department of Archives and History.

(* * *11) The Department of Revenue is authorized to disclose to the Child Support Unit and to the Fraud Investigation Unit of the Department of Human Services without the need for a subpoena or proper judicial order the name, address, social security number, amount of income, source of income, assets and other relevant information, records and tax forms for individuals who are delinquent in the payment of any child support as defined in Section 93-11-101 or who are under investigation for fraud or abuse of any state or federal program or statute as provided in Section 43-1-23.

(* * *12) Nothing in this section shall prohibit the Department of Revenue from exchanging information with the federal government that is necessary to offset income tax refund payment on debts owed to this state or the United States.

(* * *13) Nothing in this section shall prohibit the department from making available information that is necessary to

be disclosed for the administration and enforcement of Section 27-7-87.

SECTION 10. Section 27-13-57, Mississippi Code of 1972, is amended as follows:

27-13-57. (1) Except in accordance with the proper judicial order, or as otherwise provided in this section or as authorized in Section 27-4-3, it shall be unlawful for the Commissioner of Revenue or any deputy, agent, clerk or other officer or employee of the Department of Revenue to divulge or make known in any manner any particulars set forth or disclosed in any report or return required under this chapter. When a combined report or return is filed as authorized by Section 27-13-17(5), each report or return which composes the combined return shall be considered separate for the purpose of any examinations authorized in this section and only particulars relating to the specific return or report set forth in the judicial order or as otherwise provided shall be considered lawfully divulged. The term "proper judicial order" as used in this section shall not include subpoenas or subpoenas duces tecum, but shall include only those orders entered by a court of record in this state after furnishing notice and a hearing to the taxpayer and the Department of Revenue. The court shall not authorize the furnishing of such information unless it is satisfied that the information is needed to pursue pending litigation wherein the return itself is in issue, or the judge is satisfied that the need for furnishing the information outweighs

the rights of the taxpayer to have such information secreted. Nothing in this section shall be construed to prohibit the publication of statistics, so classified as to prevent the identification of particular reports or returns and the items thereof, or the inspection by the Attorney General or any other attorney representing the state of the report or return of any taxpayer who shall bring action to set aside or review the tax based thereon, or against whom an action or proceeding has been instituted to recover any tax or penalty imposed by this chapter. Reports and returns shall be preserved in accordance with approved records control schedules. No records, however, may be destroyed without the approval of the Director of the Department of Archives and History.

However, information relating to possible tax liability of other states or the federal government may be furnished to the revenue department of those states or the federal government when those states or the federal government grant a like comity to Mississippi.

(2) The State Auditor and the employees of his office shall have the right to examine only such tax returns as are necessary for auditing the Department of Revenue, and the same prohibitions against disclosure which apply to the Department of Revenue shall apply to the State Auditor and his office.

(3) Officers and employees of the Mississippi Development Authority who execute a confidentiality agreement with the

Department of Revenue shall be authorized to discuss and examine information to which this section applies at the offices of the Mississippi Department of Revenue. This disclosure is limited to information necessary to properly administer the programs under the jurisdiction of the Mississippi Development Authority. The Department of Revenue is authorized to disclose to officers and employees of the Mississippi Development Authority who execute a confidentiality agreement the information necessary under the circumstances. The same prohibitions against disclosure which apply to the Department of Revenue shall apply to the officers or employees of the Mississippi Development Authority.

(4) Information required by the University Research Center to prepare the analyses required by Sections 1 through 6 of this act shall be furnished to the University Research Center upon request. It shall be unlawful for any officer or employee of the University Research Center to divulge or make known in any manner any particulars set forth or disclosed in any information received by the center from the Department of Revenue other than as may be required by Sections 1 through 6 of this act in an analysis prepared pursuant to Sections 1 through 6 of this act.

(5) Information required by the Mississippi Development Authority to prepare the reports required by Section 8 of this act shall be furnished to the Mississippi Development Authority upon request. It shall be unlawful for any officer or employee of the Mississippi Development Authority to divulge or make known in any

manner the amount of income or any particulars set forth or disclosed in any information received by the Mississippi Development Authority from the Department of Revenue other than as may be required by Section 8 of this act in a report prepared pursuant to Section 8 of this act.

(* * *6) Nothing in this section shall prohibit the Commissioner of Revenue from making available information necessary to recover taxes owing the state pursuant to the authority granted in Section 27-75-16, Mississippi Code of 1972.

(* * *7) Any person violating the provisions of this section shall be guilty of a misdemeanor and, on conviction, shall be punished by a fine of not exceeding Five Hundred Dollars (\$500.00), or by imprisonment not exceeding one (1) year, or both, at the discretion of the court, and if the offender be an officer or employee of the state he shall be dismissed from office and be incapable of holding any public office in this state for a period of five (5) years thereafter.

SECTION 11. Section 27-65-81, Mississippi Code of 1972, is amended as follows:

27-65-81. (1) Applications, returns and information contained therein filed or furnished under this chapter shall be confidential, and except in accordance with proper judicial order, or as otherwise authorized by this section or as authorized by Section 27-4-3, it shall be unlawful for the Commissioner of Revenue or any deputy, agent, clerk or other officer or employee

of the Department of Revenue or Department of Information Technology Services, or any former employee thereof, to divulge or make known in any manner the amount of income or any particulars set forth or disclosed on any application, report or return required.

The term "proper judicial order" as used in this section shall not include subpoenas or subpoenas duces tecum but shall include only those orders entered by a court of record in this state after furnishing notice and a hearing to the taxpayer and the Department of Revenue. The court shall not authorize the furnishing of such information unless it is satisfied that the information is needed to pursue pending litigation wherein the return itself is in issue, or the judge is satisfied that the need for furnishing the information outweighs the rights of the taxpayer to have such information secreted.

(2) Such information contained on the application, returns or reports may be furnished to:

(a) Members and employees of the Department of Revenue and the income tax department thereof, for the purpose of checking, comparing and correcting returns;

(b) The Attorney General, or any other attorney representing the state in any action in respect to the amount of tax under the provisions of this chapter;

(c) The revenue department of other states or the federal government when said states or federal government grants a like comity to Mississippi.

(3) The State Auditor and the employees of his office shall have the right to examine only such tax returns as are necessary for auditing the Department of Revenue, and the same prohibitions against disclosure which apply to the Department of Revenue shall apply to the State Auditor and his office.

(4) Officers and employees of the Mississippi Development Authority who execute a confidentiality agreement with the Department of Revenue shall be authorized to discuss and examine information to which this section applies at the offices of the Mississippi Department of Revenue. This disclosure is limited to information necessary to properly administer the programs under the jurisdiction of the Mississippi Development Authority. The Department of Revenue is authorized to disclose to officers and employees of the Mississippi Development Authority who execute a confidentiality agreement the information necessary under the circumstances. The same prohibitions against disclosure which apply to the Department of Revenue shall apply to the officers or employees of the Mississippi Development Authority.

(5) Information required by the University Research Center to prepare the analyses required by Sections 1 through 6 of this act shall be furnished to the University Research Center upon request. It shall be unlawful for any officer or employee of the

University Research Center to divulge or make known in any manner the amount of income or any particulars set forth or disclosed in any information received by the center from the Department of Revenue other than as may be required by Sections 1 through 6 of this act in an analysis prepared pursuant to Sections 1 through 6 of this act.

(6) Information required by the Mississippi Development Authority to prepare the reports required by Section 8 of this act shall be furnished to the Mississippi Development Authority upon request. It shall be unlawful for any officer or employee of the Mississippi Development Authority to divulge or make known in any manner the amount of income or any particulars set forth or disclosed in any information received by the Mississippi Development Authority from the Department of Revenue other than as may be required by Section 8 of this act in a report prepared pursuant to Section 8 of this act.

(* * *7) Nothing in this section shall prohibit the Commissioner of Revenue from making available information necessary to recover taxes owing the state pursuant to the authority granted in Section 27-75-16.

(* * *8) The Department of Revenue is authorized to disclose to the Child Support Unit and to the Fraud Investigation Unit of the Department of Human Services without the need for a subpoena or proper judicial order the name, address, social security number, amount of income, amount of sales tax, source of

income, assets and other relevant information, records and tax forms for individuals who are delinquent in the payment of any child support as defined in Section 93-11-101 or who are under investigation for fraud or abuse of any state or federal program or statute as provided in Section 43-1-23.

SECTION 12. Section 27-103-139, Mississippi Code of 1972, is amended as follows:

27-103-139. On or before November 15 preceding each regular session of the Legislature, except the first regular session of a new term of office, the Governor shall submit to the members of the Legislature, the Legislative Budget Office or the members-elect, as the case may be, and to the executive head of each state agency a balanced budget for the succeeding fiscal year. The budget submitted shall be prepared in a format that will include performance measurement data associated with the various programs operated by each agency. The total proposed expenditures in the balanced budget shall not exceed the amount of estimated revenues that will be available for appropriation or use during the succeeding fiscal year, including any balances that will be on hand at the close of the then current fiscal year, as determined by the revenue estimate jointly adopted by the Governor and the Legislative Budget Committee. The total proposed expenditures from the State General Fund in the balanced budget shall not exceed ninety-eight percent (98%) of the amount of general fund revenue estimate for the succeeding fiscal year, plus

any unencumbered balances in general funds that will be available and on hand at the close of the then current fiscal year.

However, for fiscal years 2010, 2011 and 2012 only, the total proposed expenditures from the State General Fund in the balanced budget shall not exceed one hundred percent (100%) of the amount of the general fund revenue estimate for the succeeding fiscal year, plus any unencumbered balances in general funds that will be available and on hand at the close of the then current fiscal year. The general fund revenue estimate shall be the estimate jointly adopted by the Governor and the Joint Legislative Budget Committee. Unencumbered balances in general funds that will be available and on hand at the close of the fiscal year shall not include projected amounts required to be deposited into the Working Cash-Stabilization Reserve Fund and the Education Enhancement Fund under Section 27-103-203.

The budget submitted by the Governor shall include the information and recommendations required by Section 6 of this act.

The revenues used in preparing the balanced budget shall be only those revenues that will be available under the general laws of the state as they exist when the balanced budget is prepared, and shall not include any proposed revenues that would become available only after the enactment of new legislation. If the Governor has any recommendations for additional proposed expenditures or proposed revenues that are not included in his balanced budget, he shall submit those recommendations in a

supplement that is separate from his balanced budget, and whenever the Governor recommends any such additional proposed expenditures, he also shall recommend proposed revenues that are sufficient to fund the additional proposed expenditures, providing specific details regarding the sources and the total amount of those proposed revenues.

The Governor may employ a budget officer for the purpose of receiving information from the State Fiscal Officer and preparing his recommendations on the budget. If the Governor determines that information received from the State Fiscal Officer is not sufficient to enable him to prepare his budget recommendations, he may request an appropriation from the Legislature to provide additional staff within the Governor's office for that purpose. At the first regular session after his election for Governor, the Governor shall submit any budget recommendations plus the required revenue source recommendations no later than January 31 of that year.

SECTION 13. This act shall take effect and be in force from
and after July 1, 2014.

PASSED BY THE HOUSE OF REPRESENTATIVES
April 1, 2014



SPEAKER OF THE HOUSE OF REPRESENTATIVES

PASSED BY THE SENATE
April 1, 2014



PRESIDENT OF THE SENATE

APPROVED BY THE GOVERNOR



GOVERNOR

4/23/14

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