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Chapter No. 540  
13/HR07/R1144.1  
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***HOUSE BILL NO. 826***

Originated in House  Clerk

HOUSE BILL NO. 826

AN ACT TO BE KNOWN AS THE "STRENGTHENING MISSISSIPPI ACADEMIC RESEARCH THROUGH BUSINESS ACT"; TO DEFINE CERTAIN TERMS USED IN THE ACT; TO AUTHORIZE THE DEPARTMENT OF REVENUE TO ISSUE A REBATE TO AN INVESTOR THAT INCURS QUALIFIED RESEARCH EXPENSES PURSUANT TO A RESEARCH AGREEMENT WITH A STATE INSTITUTION OF HIGHER LEARNING OR RESEARCH CORPORATION; TO ESTABLISH THE MAXIMUM REBATE AMOUNT AN INVESTOR MAY CLAIM AND THE MAXIMUM AMOUNT OF REBATES WHICH THE STATE MAY PAY ANNUALLY; TO AUTHORIZE THE BOARD OF TRUSTEES OF STATE INSTITUTIONS OF HIGHER LEARNING AND THE DEPARTMENT OF REVENUE TO PROMULGATE RULES AND REGULATIONS FOR THE ADMINISTRATION OF THE ACT; TO REQUIRE THE BOARD OF TRUSTEES OF STATE INSTITUTIONS OF HIGHER LEARNING TO SUBMIT AN ANNUAL REPORT TO THE GOVERNOR AND LEGISLATURE ON REBATES ISSUED; AND FOR RELATED PURPOSES.

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

**SECTION 1.** This act shall be known and may be cited as the "Strengthening Mississippi Academic Research Through Business Act."

**SECTION 2.** As used in this act, the following words and phrases have the meanings ascribed in this section unless the context clearly indicates otherwise:

(a) "College" means the state institutions of higher learning in Mississippi which are accredited by the Southern Association of Colleges and Schools.

(b) "Investor" means a natural person, partnership, limited liability company, association, corporation, business trust or other business entity, not formed for the specific purpose of acquiring the rebate offered, which is subject to Mississippi income tax or franchise tax.

(c) "Qualified research" means the systematic investigative process that is undertaken for the purpose of discovering information. The term "qualified research" does not include research conducted outside the State of Mississippi or research to the extent funded by any grant, contract or otherwise by another person or governmental entity.

(d) "Research agreement" means a written contract, grant or cooperative agreement entered into between a person and a college or research corporation for the performance of qualified research; however, all qualified research costs generating a rebate must be spent by the college or research corporation on qualified research undertaken according to a research agreement.

(e) "Research corporation" means any research corporation formed under Section 37-147-15 if the corporation is wholly owned by a college and all income and profits of the corporation inure to the benefit of the college.

(f) "Qualified research costs" means costs paid or incurred by an investor to a college or research corporation for qualified research undertaken according to a research agreement.

(g) "State" means the State of Mississippi or a governmental entity of the State of Mississippi.

(h) "IHL" means the Board of Trustees of State Institutions of Higher Learning in Mississippi.

(i) "SMART Business" means Strengthening Mississippi Academic Research Through Business.

**SECTION 3.** (1) (a) Subject to the provisions of this act, an investor incurring qualified research costs subject to a research agreement is eligible for a rebate equal to twenty-five percent (25%) of the investor's qualified research costs.

(b) An investor incurring research costs may not claim a rebate pursuant to this act greater than One Million Dollars (\$1,000,000.00) in any fiscal year.

(c) The total amount of rebates issued under this act by the state in any fiscal year may not exceed Five Million Dollars (\$5,000,000.00).

(2) Investors desiring to apply for the rebate authorized by this act shall submit an application to IHL which must contain, at a minimum, the following:

(a) A description of the qualified research to be conducted by the college or research corporation;

(b) A proposed budget;

(c) An estimated date for completion of the qualified research; and

(d) Such additional information as may be requested by IHL.

(3) IHL shall review each application to determine if the investor has satisfied all of the requirements of this section.

(4) Within sixty (60) days of receiving an application, IHL shall issue or refuse to issue a SMART Business certificate. The SMART Business certificate must include the amount of the rebate the investor is eligible to claim, subject to subsection (1) of this section. IHL must notify the Department of Revenue when a SMART Business certificate is issued.

(5) To claim a rebate, the investor must submit a rebate allocation claim to the Department of Revenue. The rebate allocation claim must include, at a minimum, the SMART Business certificate issued by IHL and proof of payment to the college or research corporation for qualified research conducted according to the research agreement.

(6) The Department of Revenue may request an audit from the investor submitting a rebate allocation claim, at the investor's expense, to verify the investor has satisfied the requirements of this act.

(7) The Department of Revenue shall issue rebates available under this section from current income tax collections.

(8) Rebates must be allocated to investors by the Department of Revenue in the order that SMART Business certificates are issued by IHL.

**SECTION 4.** IHL and the Department of Revenue each may promulgate, in accordance with the Mississippi Administrative Procedures Law, rules and regulations, application forms and any other forms necessary for the implementation and administration of this act.

**SECTION 5.** Before December 1 of each year, IHL shall file a report with the Governor, Secretary of the Senate and Clerk of the House of Representatives on the implementation of the Strengthening Mississippi Academic Research Through Business Act. For each research agreement where an investor was issued a SMART Business certificate during that year, the report must include, but not necessarily be limited to, the name of the investor and the rebate amount the investor was eligible to claim.

**SECTION 6.** This act shall take effect and be in force from and after July 1, 2013.

PASSED BY THE HOUSE OF REPRESENTATIVES  
March 30, 2013

  
SPEAKER OF THE HOUSE OF REPRESENTATIVES

PASSED BY THE SENATE  
April 2, 2013

  
PRESIDENT OF THE SENATE

APPROVED BY THE GOVERNOR

  
GOVERNOR

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