

## **Mississippi Legislature Passes \$2,000 Job Tax Credit for “Cut & Sew” Workers to Support Upholstered Furniture Manufacturers**

Legislation to authorize a job tax credit for cut and sew” workers in the Mississippi Upholstered Household Furniture Manufacturing Industry has passed in the Mississippi Legislature. The original legislation Introduced as H.B. 1674, with Representative William J. McCoy as the Principal Author, was passed by the Mississippi House of Representatives on February 24, with a vote of 115 voting in favor; 4 votes against(Hamilton (109<sup>th</sup>) Read, Snowden, and Upshaw); and 3 not voting or absent. On February 25, the legislation was transmitted to the Mississippi Senate. On March 11, the Senate passed the bill as amended. In the Senate, the bill received 51 Yea votes, there were no Nays, Absents, or those not voting.

During the week ending March 19, 2010; H.B. 1674 was sent to Governor Haley Barbour for approval or rejection. During the 2009 session of the Mississippi Legislature, both the House and Senate unanimously approved similar legislation to provide a tax credit for “Cut and Sew” workers in the Mississippi Upholstered Furniture Industry; this legislation was vetoed by the Governor. Since that time, when the coming economic recession was not clearly apparent to decision-makers, the industry has lost over 6,000 jobs representing approximately 25% of the job loss in private sector employment in Mississippi (Source: U.S. Department of Labor, Bureau of Labor Statistics). A study conducted by the Stennis Institute indicated that the average Mississippi tax revenue per employee in the Furniture Manufacturing Industry is \$4,802; assuming that the 6,000 persons who have lost their job in the industry have been unable to find employment in the current economic recession, job loss in the Furniture Manufacturing Industry may have cost the state of Mississippi an estimated \$28 million in tax revenues related to employee personal income tax and sales tax on consumer expenditures. This figure does not represent additional costs to the state in the form of unemployment insurance, increased enrollment in Medicaid and Medicaid programs, or lost corporate income tax.

A recent survey of Mississippi Furniture Manufacturers indicates that there are approximately 13 companies that may be prepared to hire approximately 1300 workers. Although not all of these positions will be “cut and sew,” a demonstration of commitment and support for the industry at all levels of state and local government will send a strong, positive signal to the industry that will spark recovery of the industry in the state and also encourage other manufacturers to locate within the state.