

By: Representative Moore

To: Ways and Means

HOUSE BILL NO. 674

1 AN ACT TO AMEND SECTION 27-7-5, MISSISSIPPI CODE OF 1972, TO  
2 PHASE OUT THE STATE INCOME TAX; AND FOR RELATED PURPOSES.

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

4 SECTION 1. Section 27-7-5, Mississippi Code of 1972, is  
5 amended as follows:

6 27-7-5. (1) There is hereby assessed and levied, to be  
7 collected and paid as hereinafter provided, for the calendar year  
8 1983 and fiscal years ending during the calendar year 1983 and all  
9 taxable years thereafter through calendar 1999, upon the entire  
10 net income of every resident individual, corporation, association,  
11 trust or estate, in excess of the credits provided, a tax at the  
12 following rates:

13 (a) On the first Five Thousand Dollars (\$5,000.00) of  
14 taxable income, or any part thereof, at the rate of three percent  
15 (3%);

16 On the next Five Thousand Dollars (\$5,000.00) of taxable  
17 income, or any part thereof, at the rate of four percent (4%); and

18 On all taxable income in excess of Ten Thousand Dollars  
19 (\$10,000.00), at the rate of five percent (5%).

20 (b) For calendar year 2000, such tax shall be at the  
21 following rates:

22 On the first Five Thousand Dollars (\$5,000.00) of taxable  
23 income, or any part thereof, at the rate of two and seven-tenths  
24 percent (2.7%);

25 On the next Five Thousand Dollars (\$5,000.00) of taxable  
26 income, or any part thereof, at the rate of three and six-tenths

27 percent (3.6%); and

28 On all taxable income in excess of Ten Thousand Dollars  
29 (\$10,000.00), at the rate of four and one-half percent (4.5%).

30 (c) For calendar year 2001, such tax shall be at the  
31 following rates:

32 On the first Five Thousand Dollars (\$5,000.00) of taxable  
33 income, or any part thereof, at the rate of two and four-tenths  
34 percent (2.4%);

35 On the next Five Thousand Dollars (\$5,000.00) of taxable  
36 income, or any part thereof, at the rate of three and two-tenths  
37 percent (3.2%); and

38 On all taxable income in excess of Ten Thousand Dollars  
39 (\$10,000.00), at the rate of four percent (4%).

40 (d) For calendar year 2002, such tax shall be at the  
41 following rates:

42 On the first Five Thousand Dollars (\$5,000.00) of taxable  
43 income, or any part thereof, at the rate of two and one-tenth  
44 percent (2.1%);

45 On the next Five Thousand Dollars (\$5,000.00) of taxable  
46 income, or any part thereof, at the rate of two and eight-tenths  
47 percent (2.8%); and

48 On all taxable income in excess of Ten Thousand Dollars  
49 (\$10,000.00), at the rate of three and one-half percent (3.5%).

50 (e) For calendar year 2003, such tax shall be at the  
51 following rates:

52 On the first Five Thousand Dollars (\$5,000.00) of taxable  
53 income, or any part thereof, at the rate of one and eight-tenths  
54 percent (1.8%);

55 On the next Five Thousand Dollars (\$5,000.00) of taxable  
56 income, or any part thereof, at the rate of two and four-tenths  
57 percent (2.4%); and

58 On all taxable income in excess of Ten Thousand Dollars  
59 (\$10,000.00), at the rate of three percent (3%).

60           (f) For calendar year 2004, such tax shall be at the  
61 following rates:

62           On the first Five Thousand Dollars (\$5,000.00) of taxable  
63 income, or any part thereof, at the rate of one and one-half  
64 percent (1.5%);

65           On the next Five Thousand Dollars (\$5,000.00) of taxable  
66 income, or any part thereof, at the rate of two percent (2%); and

67           On all taxable income in excess of Ten Thousand Dollars  
68 (\$10,000.00), at the rate of two and one-half percent (2.5%).

69           (g) For calendar year 2005, such tax shall be at the  
70 following rates:

71           On the first Five Thousand Dollars (\$5,000.00) of taxable  
72 income, or any part thereof, at the rate of one and two-tenths  
73 percent (1.2%);

74           On the next Five Thousand Dollars (\$5,000.00) of taxable  
75 income, or any part thereof, at the rate of one and six-tenths  
76 percent (1.6%); and

77           On all taxable income in excess of Ten Thousand Dollars  
78 (\$10,000.00), at the rate of two percent (2%).

79           (h) For calendar year 2006, such tax shall be at the  
80 following rates:

81           On the first Five Thousand Dollars (\$5,000.00) of taxable  
82 income, or any part thereof, at the rate of nine-tenths of one  
83 percent (0.9%);

84           On the next Five Thousand Dollars (\$5,000.00) of taxable  
85 income, or any part thereof, at the rate of one and two-tenths  
86 percent (1.2%); and

87           On all taxable income in excess of Ten Thousand Dollars  
88 (\$10,000.00), at the rate of one and one-half percent (1.5%).

89           (i) For calendar year 2007, such tax shall be at the  
90 following rates:

91           On the first Five Thousand Dollars (\$5,000.00) of taxable  
92 income, or any part thereof, at the rate of six-tenths of one

93 percent (0.6%);

94 On the next Five Thousand Dollars (\$5,000.00) of taxable  
95 income, or any part thereof, at the rate of eight-tenths of one  
96 percent (0.8%); and

97 On all taxable income in excess of Ten Thousand Dollars  
98 (\$10,000.00), at the rate of one percent (1%).

99 (j) For calendar year 2008, such tax shall be at the  
100 following rates:

101 On the first Five Thousand Dollars (\$5,000.00) of taxable  
102 income, or any part thereof, at the rate of three-tenths of one  
103 percent (0.3%);

104 On the next Five Thousand Dollars (\$5,000.00) of taxable  
105 income, or any part thereof, at the rate of four-tenths of one  
106 percent (0.4%); and

107 On all taxable income in excess of Ten Thousand Dollars  
108 (\$10,000.00), at the rate of one-half of one percent (0.5%).

109 (k) For calendar year 2009 and each calendar year  
110 thereafter, there shall be no such tax imposed upon the income of  
111 any resident individual, corporation, association, trust or  
112 estate.

113 (2) An S corporation, as defined in Section 27-8-3(1)(g),  
114 shall not be subject to the income tax imposed under this section.

115 (3) A like tax is hereby imposed to be assessed, collected  
116 and paid annually, except as hereinafter provided, at the rate  
117 specified in this section and as hereinafter provided, upon and  
118 with respect to the entire net income, from all property owned or  
119 sold, and from every business, trade or occupation carried on in  
120 this state by individuals, corporations, partnerships, trusts or  
121 estates, not residents of the State of Mississippi.

122 (4) In the case of taxpayers having a fiscal year beginning  
123 in the calendar year 1982 and ending after the first day of  
124 January 1983, the tax due for that taxable year shall be  
125 determined by:

126           (a) Computing for the full fiscal year the amount of  
127 tax that would be due under the rates in effect for the calendar  
128 year 1982; and

129           (b) Computing for the full fiscal year the amount of  
130 tax that would be due under the rates in effect for the calendar  
131 year 1983; and

132           (c) Applying to the tax computed under paragraph (a)  
133 the ratio which the number of months falling within the earlier  
134 calendar year bears to the total number of months in the fiscal  
135 year; and

136           (d) Applying to the tax computed under paragraph (b)  
137 the ratio which the number of months falling within the later  
138 calendar year bears to the total number of months within the  
139 fiscal year; and

140           (e) Adding to the tax determined under paragraph (c)  
141 the tax determined under paragraph (d) the sum of which shall be  
142 the amount of tax due for the fiscal year.

143           (5) In the case of a taxpayer having a fiscal year beginning  
144 in one calendar year and ending after the first day of the next  
145 calendar year, the tax due for that taxable year shall be  
146 determined by:

147           (a) Computing for the full fiscal year the amount of  
148 tax that would be due under the rates in effect for the calendar  
149 in which the fiscal year began; and

150           (b) Computing for the full fiscal year the amount of  
151 tax that would be due under the rates in effect for the next  
152 calendar year; and

153           (c) Applying to the tax computed under paragraph (a)  
154 the ratio which the number of months falling within the earlier  
155 calendar year bears to the total number of months in the fiscal  
156 year; and

157           (d) Applying to the tax computed under paragraph (b)  
158 the ratio which the number of months falling within the later

159 calendar year bears to the total number of months within the  
160 fiscal year; and

161 (e) Adding to the tax determined under paragraph (c)  
162 the tax determined under paragraph (d) the sum of which shall be  
163 the amount of tax due for the fiscal year.

164 SECTION 2. Nothing in this act shall affect or defeat any  
165 claim, assessment, appeal, suit, right or cause of action for  
166 taxes due or accrued under the income tax laws before the date on  
167 which this act becomes effective, whether such claims,  
168 assessments, appeals, suits or actions have been begun before the  
169 date on which this act becomes effective or are begun thereafter;  
170 and the provisions of the income tax laws are expressly continued  
171 in full force, effect and operation for the purpose of the  
172 assessment, collection and enrollment of liens for any taxes due  
173 or accrued and the execution of any warrant under such laws before  
174 the date on which this act becomes effective, and for the  
175 imposition of any penalties, forfeitures or claims for failure to  
176 comply with such laws.

177 SECTION 3. This act shall take effect and be in force from  
178 and after July 1, 1999.