

By: Representatives Wallace, Coleman (29th), To: Ways and Means
Thornton

HOUSE BILL NO. 950

1 AN ACT TO AUTHORIZE CERTAIN MUNICIPALITIES TO LEVY A LOCAL
2 INCOME TAX; TO PROVIDE FOR ADMINISTRATION OF THE LOCAL INCOME TAX
3 BY THE STATE TAX COMMISSION; AND FOR RELATED PURPOSES.

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

5 SECTION 1. It is the purpose of this act to authorize
6 certain cities in the state to levy a local income tax under
7 specified conditions.

8 SECTION 2. As used in this act, the following terms shall
9 have the meanings ascribed in this section, unless the context
10 requires otherwise:

11 (a) "Business" means an enterprise, activity,
12 profession, or undertaking of a nature conducted for profit or
13 ordinarily conducted for profit, whether by an individual,
14 partnership, association, corporation or any other entity,
15 including but not limited to the renting or leasing of property,
16 real, personal or mixed.

17 (b) "Eligible city" means a city that has a population
18 of not less than twenty-five thousand (25,000), according to the
19 most recent federal census, as of the effective date of the tax.

20 (c) "Nonresident" means any person who is not a
21 resident of an eligible city.

22 (d) "Person" includes any individual, partnership,
23 fiduciary, association, or corporation, trust or estate subject to
24 a tax imposed under this act, or whose income is, in whole or in
25 part, subject to a tax imposed under this act.

26 (e) "Resident of an eligible city" means an individual

27 who is domiciled in that city unless he maintains no permanent
28 place of abode in the city and does maintain a permanent place of
29 abode elsewhere and spends in the aggregate not more than thirty
30 (30) days of the taxable year in the city; or who is not domiciled
31 in the city but maintains a permanent place of abode in the city
32 and spends in the aggregate more than one hundred eighty-three
33 (183) days of the taxable year in the eligible city.

34 (f) "Taxable year" means the calendar year, or fiscal
35 year ending during such calendar year, upon the basis of which the
36 net income is computed under this act, or under Chapter 7, Title
37 27, Mississippi Code of 1972. "Fiscal year" means an accounting
38 period of twelve (12) months, ending on the last day of any month
39 other than December.

40 SECTION 3. Any eligible city may impose a local income tax
41 on all persons earning or receiving income from employment or
42 business carried out in the eligible city at a rate not less than
43 one percent (1%) of the state taxable income nor more than one and
44 one-half percent (1-1/2%) of the state taxable income, which shall
45 be in addition to all other taxes now imposed, as provided in this
46 act.

47 SECTION 4. Before the taxes authorized by this act may be
48 imposed, the eligible city shall adopt an ordinance declaring its
49 intention to levy the tax, setting forth the amount of the tax and
50 establishing the date on which the tax initially will be levied
51 and collected. This date shall be not earlier than the first day
52 of the third month from the date of adoption of the ordinance.
53 The ordinance shall be published in a local newspaper at least
54 twice before the date set for the levy of the tax, with the last
55 publication being made no later than ten (10) days before such
56 date.

57 SECTION 5. (1) Any eligible city enacting an income tax
58 under this act shall certify at least sixty (60) days in advance
59 to the State Tax Commission the effective date of the ordinance

60 imposing an income tax, the rate of the tax for the entire tax
61 year, and the date when the enactment becomes effective.

62 (2) An eligible city imposing an income tax under this act
63 may repeal its income tax only after first giving at least one
64 hundred twenty (120) days' notice of the contemplated repeal of
65 its income tax to the State Tax Commission. The withdrawal shall
66 be effective from and after the first day of the next calendar
67 year.

68 SECTION 6. (1) The income tax authorized under this act in
69 an eligible city shall be administered by the State Tax
70 Commission.

71 (2) Revenues collected under local income taxes shall be
72 accounted for separately and shall be paid into a separate fund to
73 be distributed to eligible cities imposing such taxes after
74 deducting an amount to cover expenditures incurred by the State
75 Tax Commission in administering the local income taxes. The rules
76 and regulations promulgated in accordance with the state Income
77 Tax Law shall apply to the local income taxes except when, in the
78 judgment of the State Tax Commission, those rules or regulations
79 would be inconsistent or not feasible of proper administration.
80 The State Tax Commission may make any refunds to taxpayers
81 pursuant to this act.

82 (3) In the case of a nonresident, the local income tax shall
83 be limited solely to the place of employment or business of the
84 nonresident in the city that imposes the local income tax. Of the
85 tax imposed by the city in which the place of employment or
86 business is located, an amount equal to one-half (1/2) of the tax
87 a nonresident would owe if the person worked in his city of
88 residence in this state shall be credited by the State Tax
89 Commission to the nonresident's city of residence in this state if
90 that city also imposes the local income tax. If the nonresident
91 lives in another eligible city in this state that does not impose
92 a local income tax, the State Tax Commission shall credit the

93 total net proceeds of the nonresident's tax liability exclusively
94 to the city in which the nonresident's place of employment or
95 business in this state is located.

96 SECTION 7. A resident individual shall be allowed a credit
97 against the tax otherwise due under this act for the amount of any
98 income tax required to be paid by him during the taxable year to a
99 political subdivision of another state of the United States on
100 income derived from sources in that political subdivision that is
101 also subject to tax under this act.

102 SECTION 8. All sums collected under this act shall be
103 credited to the "Local Income Tax Fund" which is established in
104 the State Treasury. After deducting the amount of refunds made, a
105 reserve for expected or anticipated refunds, and the costs of
106 administering the tax, the remaining sums shall be returned by the
107 State Treasurer to the eligible city of origin by the fifteenth
108 day of the month following the month during which the sums were
109 collected.

110 SECTION 9. The provisions of this act shall be in addition
111 and supplemental to the powers conferred by any other laws of this
112 state, and shall not be construed as amending or repealing any
113 other provision of law.

114 SECTION 10. This act shall take effect and be in force from
115 and after its passage.