

By: Representative Wallace

To: Ways and Means

HOUSE BILL NO. 900

1 AN ACT TO AUTHORIZE CERTAIN CITIES TO LEVY A LOCAL INCOME  
2 TAX; TO PROVIDE FOR ADMINISTRATION OF THE LOCAL INCOME TAX BY THE  
3 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 a person who is not a resident  
21 of an eligible city.

22 (d) "Person" means 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 an eligible city unless he maintains no



28 permanent place of abode in such city and does maintain a  
29 permanent place of abode elsewhere and spends in the aggregate not  
30 more than thirty (30) days of the taxable year in the eligible  
31 city; or who is not domiciled in an eligible city but maintains a  
32 permanent place of abode in such city and spends in the aggregate  
33 more than one hundred eighty-three (183) days of the taxable year  
34 in the eligible city.

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

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

47 SECTION 4. Before the tax 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) An eligible city imposing 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 tax 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 in 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.

