HOUSE BILL NO. 900

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

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

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

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

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

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

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

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

(e) "Resident of an eligible city" means an individual who is domiciled in an eligible city unless he maintains no
permanent place of abode in such city and does maintain a
permanent place of abode elsewhere and spends in the aggregate not
more than thirty (30) days of the taxable year in the eligible
city; or who is not domiciled in an eligible city but maintains a
permanent place of abode in such city and spends in the aggregate
more than one hundred eighty-three (183) days of the taxable year
in the eligible city.

(f) "Taxable year" means the calendar year, or fiscal
year ending during such calendar year, upon the basis of which the
net income is computed under this act, or under Chapter 7, Title
period of twelve (12) months, ending on the last day of any month
other than December.

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

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

SECTION 5. (1) An eligible city imposing an income tax
under this act shall certify at least sixty (60) days in advance
to the State Tax Commission the effective date of the ordinance
imposing an income tax, the rate of the tax for the entire tax year, and the date when the tax becomes effective.

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

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

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

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

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

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

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

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