

By: Representatives Wallace, West

To: Ways and Means

HOUSE BILL NO. 1467

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 decennial census, as of the effective date of  
20 the tax.

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

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



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

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

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

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

58 **SECTION 5.** (1) An eligible city imposing an income tax  
59 under this act shall certify at least sixty (60) days in advance



60 to the State Tax Commission the effective date of the ordinance  
61 imposing an income tax, the rate of the tax for the entire taxable  
62 year, and the date when the tax becomes effective.

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

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

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

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



93 a local income tax, the State Tax Commission shall credit the  
94 total net proceeds of the nonresident's tax liability exclusively  
95 to the city in which the nonresident's place of employment or  
96 business in this state is located.

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

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

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

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

