MISSISSIPPI LEGISLATURE
REGULAR SESSION 2015

By: Representatives Mayo, Nelson, Jennings, Gipson, Moore, Baker, Powell, Arnold, Hood, Chism, Monsour, Patterson, Mims

To: Ways and Means

COMMITTEE SUBSTITUTE
FOR
HOUSE BILL NO. 1629

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

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

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

27-7-5. (1) Except as otherwise provided in this section, there is hereby assessed and levied, to be collected and paid as hereinafter provided, for the calendar year 1983 and fiscal years ending during the calendar year 1983 and all taxable years thereafter, upon the entire net income of every resident individual, corporation, association, trust or estate, in excess of the credits provided, a tax at the following rates:

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

On the next Five Thousand Dollars ($5,000.00) of taxable income, or any part thereof, at the rate of four percent (4%); and
On all taxable income in excess of Ten Thousand Dollars ($10,000.00), at the rate of five percent (5%).

(b) (i) Subject to the provisions of subparagraph (ii) of this paragraph (b), for calendar year 2017 and all calendar years thereafter, the tax imposed under this section (1) upon the net income of resident individuals shall be at the following rates:

1. For calendar year 2017, such tax shall be at the following rates:

   a. On the first Five Thousand Dollars ($5,000.00) of taxable income, or any part thereof, at the rate of two percent (2%);

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

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

2. For calendar year 2018, such tax shall be at the following rates:

   a. On the first Five Thousand Dollars ($5,000.00) of taxable income, or any part thereof, at the rate of one percent (1%);
b. On the next Five Thousand Dollars ($5,000.00) of taxable income, or any part thereof, at the rate of four percent (4%); and

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

3. For calendar year 2019, such tax shall be at the following rates:

   a. On taxable income in excess of Five Thousand Dollars ($5,000.00) but not more than Ten Thousand Dollars ($10,000.00), at the rate of four percent (4%); and

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

4. For calendar year 2020, such tax shall be at the following rates:

   a. On taxable income in excess of Five Thousand Dollars ($5,000.00) but not more than Ten Thousand Dollars ($10,000.00), at the rate of three percent (3%); and

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

5. For calendar year 2021, such tax shall be at the following rates:
a. On taxable income in excess of Five Thousand Dollars ($5,000.00) but not more than Ten Thousand Dollars ($10,000.00), at the rate of two percent (2%); and

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

6. For calendar year 2022, such tax shall be at the rate of four and one-half percent (4-1/2%) on all taxable income in excess of Ten Thousand Dollars ($10,000.00).

7. For calendar year 2023, such tax shall be at the rate of four percent (4%) on all taxable income in excess of Ten Thousand Dollars ($10,000.00).

8. For calendar year 2024, such tax shall be at the rate of three and one-half percent (3-1/2%) on all taxable income in excess of Ten Thousand Dollars ($10,000.00).

9. For calendar year 2025, such tax shall be at the rate of three percent (3%) on all taxable income in excess of Ten Thousand Dollars ($10,000.00).

10. For calendar year 2026, such tax shall be at the rate of two and one-half percent (2-1/2%) on all taxable income in excess of Ten Thousand Dollars ($10,000.00).

11. For calendar year 2027, such tax shall be at the rate of two percent (2%) on all taxable income in excess of Ten Thousand Dollars ($10,000.00).
12. For calendar year 2028, such tax shall be at the rate of one and one-half percent (1-1/2%) on all taxable income in excess of Ten Thousand Dollars ($10,000.00).

13. For calendar year 2029, such tax shall be at the rate of one percent (1%) on all taxable income in excess of Ten Thousand Dollars ($10,000.00).

14. For calendar year 2030, and each calendar year thereafter, there shall be no income tax imposed upon the net income of any resident individual.

(ii) (1) A scheduled tax rate reduction provided for in subparagraph (i) of this paragraph (b) shall be operable only in a calendar year in which the General Fund revenue collection for the fiscal year ending on June 30 of the previous calendar year exceeded the previous fiscal year's General Fund revenue collections by three percent (3%). If a scheduled tax rate reduction is not operable for a calendar year because the General Fund revenue collection requirement of this subparagraph (ii) is not satisfied, then that tax rate reduction shall be operable and apply to the next calendar year for which the revenue collection requirement is satisfied, regardless of the tax rate reduction scheduled for such calendar year; however, only one calendar year tax rate reduction may be operable and apply to a calendar year.

(2) An S corporation, as defined in Section 27-8-3(1)(g), shall not be subject to the income tax imposed under this section.
(3) A like tax is hereby imposed to be assessed, collected and paid annually, except as hereinafter provided, at the rate specified in this section and as hereinafter provided, upon and with respect to the entire net income, from all property owned or sold, and from every business, trade or occupation carried on in this state by individuals, corporations, partnerships, trusts or estates, not residents of the State of Mississippi.

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

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

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

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

(d) Applying to the tax computed under paragraph (b) the ratio which the number of months falling within the later calendar year bears to the total number of months in the fiscal year; and
(e) Adding to the tax determined under paragraph (c) the tax determined under paragraph (d) the sum of which shall be the amount of tax due for the fiscal year.

SECTION 2. This act shall take effect and be in force from and after July 1, 2015.