

By: Representatives Deweese, Ford (73rd)

To: Ways and Means

## HOUSE BILL NO. 1180

1 AN ACT TO PROVIDE FOR A STATE INCOME TAX REBATE PROGRAM IN  
2 WHICH AN INDIVIDUAL WHO IS A RECENT RESIDENT OF MISSISSIPPI, AND  
3 IS EMPLOYED IN A QUALIFYING JOB OUTSIDE OF THIS STATE MAY  
4 PARTICIPATE AND RECEIVE A REBATE IN AN AMOUNT EQUAL TO A PORTION  
5 OR ALL OF THE AMOUNT OF THE INDIVIDUAL'S STATE INCOME TAX  
6 LIABILITY FOR A PERIOD IN WHICH THE INDIVIDUAL PARTICIPATES IN THE  
7 PROGRAM; TO DEFINE CERTAIN TERMS USED IN THIS ACT; TO AMEND  
8 SECTION 27-7-15, MISSISSIPPI CODE OF 1972, TO EXCLUDE REBATES  
9 RECEIVED UNDER THIS ACT FROM THE DEFINITION OF THE TERM "GROSS  
10 INCOME" FOR PURPOSES OF THE STATE INCOME TAX LAW; AND FOR RELATED  
11 PURPOSES.

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

13 **SECTION 1.** (1) As used in this section, the following words  
14 and phrases have the meanings ascribed in this section unless the  
15 context clearly indicates otherwise:

16 (a) "Qualifying job" means employment outside the State  
17 of Mississippi.

18 (b) "Qualified individual" means an individual who is  
19 designated by the department to participate in the rebate program  
20 under this section.

21 (c) "Recent resident" means a resident of the State of  
22 Mississippi, who moved to or moves to Mississippi no more than one



23 (1) year preceding January 1 of the first calendar year for which  
24 the individual files an application with the department to  
25 participate in the rebate program authorized in this section.

26 (2) (a) The department shall establish a program in which a  
27 recent resident who is a qualified individual may receive a rebate  
28 equal to a portion or all of the amount of the qualified  
29 individual's state income tax liability under this chapter for the  
30 period in which the individual participates in the program  
31 authorized in this section.

32 (b) (i) A recent resident who desires to participate  
33 in the rebate program must file an application with the department  
34 on forms prepared by the department. The department shall review  
35 the application and determine whether the applicant is eligible to  
36 participate in the program. If the department determines that an  
37 applicant is eligible to participate in the program, the  
38 department shall issue a certificate designating the applicant as  
39 a qualified individual. In order to remain a qualified  
40 individual, an individual must remain a resident of the State of  
41 Mississippi and be employed in a qualifying job. A qualified  
42 individual who remains eligible and participates in the program  
43 for one (1) year may, within six (6) months after completion of  
44 the one-year period, file an application for a rebate under this  
45 section. The department shall review the application and  
46 determine whether the applicant is eligible to receive a rebate  
47 under this section. If the department determines that the



48 applicant remained a qualified individual during the entire  
49 one-year period, the department shall provide a rebate to the  
50 individual equal to seventy-five percent (75%) of the amount of  
51 the individual's state income tax liability under this chapter for  
52 the one-year period in which the individual participated in the  
53 program.

54                   (ii) After the initial one-year period provided  
55 for in subparagraph (i) of this paragraph (b), a qualified  
56 individual may apply to the department to participate in the  
57 rebate program for an additional two-year period. The department  
58 shall review the application and determine whether the applicant  
59 is eligible to participate in the program for the additional  
60 period. If the department determines that an applicant is  
61 eligible to participate in the program, the department shall issue  
62 a certificate designating the applicant as a qualified individual.  
63 In order to remain a qualified individual, an individual must  
64 remain a resident of the State of Mississippi and be employed in a  
65 qualifying job. A qualified individual who remains eligible and  
66 participates in the program for two (2) years may, within six (6)  
67 months after completion of the two-year period, file an  
68 application for a rebate under this section. The department  
69 shall review the application and determine whether the applicant  
70 is eligible to receive a rebate under this section. If the  
71 department determines that the applicant remained a qualified  
72 individual during the entire two-year period, the department shall



73 provide a rebate to the individual equal to the full amount of the  
74 individual's state income tax liability under this chapter for the  
75 two-year period in which the individual participated in the  
76 program.

77 (3) The department shall have all powers necessary to  
78 implement and administer the provisions of this section, and the  
79 department shall promulgate rules and regulations, in accordance  
80 with the Mississippi Administrative Procedures Law, necessary for  
81 the implementation of this section.

82 **SECTION 2.** Section 27-7-15, Mississippi Code of 1972, is  
83 amended as follows:

84 27-7-15. (1) For the purposes of this article, except as  
85 otherwise provided, the term "gross income" means and includes the  
86 income of a taxpayer derived from salaries, wages, fees or  
87 compensation for service, of whatever kind and in whatever form  
88 paid, including income from governmental agencies and subdivisions  
89 thereof; or from professions, vocations, trades, businesses,  
90 commerce or sales, or renting or dealing in property, or  
91 reacquired property; also from annuities, interest, rents,  
92 dividends, securities, insurance premiums, reinsurance premiums,  
93 considerations for supplemental insurance contracts, or the  
94 transaction of any business carried on for gain or profit, or  
95 gains, or profits, and income derived from any source whatever and  
96 in whatever form paid. The amount of all such items of income  
97 shall be included in the gross income for the taxable year in



which received by the taxpayer. The amount by which an eligible employee's salary is reduced pursuant to a salary reduction agreement authorized under Section 25-17-5 shall be excluded from the term "gross income" within the meaning of this article.

(2) In determining gross income for the purpose of this section, the following, under regulations prescribed by the commissioner, shall be applicable:

(a) **Dealers in property.** Federal rules, regulations and revenue procedures shall be followed with respect to installment sales unless a transaction results in the shifting of income from inside the state to outside the state.

(b) **Casual sales of property.**

(i) Prior to January 1, 2001, federal rules, regulations and revenue procedures shall be followed with respect to installment sales except they shall be applied and administered as if H.R. 3594, the Installment Tax Correction Act of 2000 of the 106th Congress, had not been enacted. This provision will generally affect taxpayers, reporting on the accrual method of accounting, entering into installment note agreements on or after December 17, 1999. Any gain or profit resulting from the casual sale of property will be recognized in the year of sale.

(ii) From and after January 1, 2001, federal rules, regulations and revenue procedures shall be followed with respect to installment sales except as provided in this subparagraph (ii). Gain or profit from the casual sale of



property shall be recognized in the year of sale. When a taxpayer recognizes gain on the casual sale of property in which the gain is deferred for federal income tax purposes, a taxpayer may elect to defer the payment of tax resulting from the gain as allowed and to the extent provided under regulations prescribed by the commissioner. If the payment of the tax is made on a deferred basis, the tax shall be computed based on the applicable rate for the income reported in the year the payment is made. Except as otherwise provided in subparagraph (iii) of this paragraph (b), deferring the payment of the tax shall not affect the liability for the tax. If at any time the installment note is sold, contributed, transferred or disposed of in any manner and for any purpose by the original note holder, or the original note holder is merged, liquidated, dissolved or withdrawn from this state, then all deferred tax payments under this section shall immediately become due and payable.

(iii) If the selling price of the property is reduced by any alteration in the terms of an installment note, including default by the purchaser, the gain to be recognized is recomputed based on the adjusted selling price in the same manner as for federal income tax purposes. The tax on this amount, less the previously paid tax on the recognized gain, is payable over the period of the remaining installments. If the tax on the previously recognized gain has been paid in full to this state, the return on which the payment was made may be amended for this



purpose only. The statute of limitations in Section 27-7-49 shall not bar an amended return for this purpose.

(c) **Reserves of insurance companies.** In the case of insurance companies, any amounts in excess of the legally required reserves shall be included as gross income.

(d) **Affiliated companies or persons.** As regards sales, exchanges or payments for services from one to another of affiliated companies or persons or under other circumstances where the relation between the buyer and seller is such that gross proceeds from the sale or the value of the exchange or the payment for services are not indicative of the true value of the subject matter of the sale, exchange or payment for services, the commissioner shall prescribe uniform and equitable rules for determining the true value of the gross income, gross sales, exchanges or payment for services, or require consolidated returns of affiliates.

(e) **Alimony and separate maintenance payments.** The federal rules, regulations and revenue procedures in determining the deductibility and taxability of alimony payments shall be followed in this state.

(f) **Reimbursement for expenses of moving.** There shall be included in gross income (as compensation for services) any amount received or accrued, directly or indirectly, by an individual as a payment for or reimbursement of expenses of moving



172 from one (1) residence to another residence which is attributable  
173 to employment or self-employment.

174 (3) In the case of taxpayers other than residents, gross  
175 income includes gross income from sources within this state.

176 (4) The words "gross income" do not include the following  
177 items of income which shall be exempt from taxation under this  
178 article:

179 (a) The proceeds of life insurance policies and  
180 contracts paid upon the death of the insured. However, the income  
181 from the proceeds of such policies or contracts shall be included  
182 in the gross income.

183 (b) The amount received by the insured as a return of  
184 premium or premiums paid by him under life insurance policies,  
185 endowment, or annuity contracts, either during the term or at  
186 maturity or upon surrender of the contract.

187 (c) The value of property acquired by gift, bequest,  
188 devise or descent, but the income from such property shall be  
189 included in the gross income.

190 (d) Interest upon the obligations of the United States  
191 or its possessions, or securities issued under the provisions of  
192 the Federal Farm Loan Act of 1916, or bonds issued by the War  
193 Finance Corporation, or obligations of the State of Mississippi or  
194 political subdivisions thereof.

195 (e) The amounts received through accident or health  
196 insurance as compensation for personal injuries or sickness, plus





the amount of any damages received for such injuries or such sickness or injuries, or through the War Risk Insurance Act, or any law for the benefit or relief of injured or disabled members of the military or naval forces of the United States.

(f) Income received by any religious denomination or by any institution or trust for moral or mental improvements, religious, Bible, tract, charitable, benevolent, fraternal, missionary, hospital, infirmary, educational, scientific, literary, library, patriotic, historical or cemetery purposes or for two (2) or more of such purposes, if such income be used exclusively for carrying out one or more of such purposes.

(g) Income received by a domestic corporation which is "taxable in another state" as this term is defined in this article, derived from business activity conducted outside this state. Domestic corporations taxable both within and without the state shall determine Mississippi income on the same basis as provided for foreign corporations under the provisions of this article.

(h) In case of insurance companies, there shall be excluded from gross income such portion of actual premiums received from an individual policyholder as is paid back or credited to or treated as an abatement of premiums of such policyholder within the taxable year.

(i) Income from dividends that has already borne a tax as dividend income under the provisions of this article, when such



dividends may be specifically identified in the possession of the recipient.

(j) Amounts paid by the United States to a person as added compensation for hazardous duty pay as a member of the Armed Forces of the United States in a combat zone designated by Executive Order of the President of the United States.

(k) Amounts received as retirement allowances, pensions, annuities or optional retirement allowances paid under the federal Social Security Act, the Railroad Retirement Act, the Federal Civil Service Retirement Act, or any other retirement system of the United States government, retirement allowances paid under the Mississippi Public Employees' Retirement System, Mississippi Highway Safety Patrol Retirement System or any other retirement system of the State of Mississippi or any political subdivision thereof. The exemption allowed under this paragraph (k) shall be available to the spouse or other beneficiary at the death of the primary retiree.

(l) Amounts received as retirement allowances, pensions, annuities or optional retirement allowances paid by any public or governmental retirement system not designated in paragraph (k) or any private retirement system or plan of which the recipient was a member at any time during the period of his employment. Amounts received as a distribution under a Roth Individual Retirement Account shall be treated in the same manner as provided under the Internal Revenue Code of 1986, as amended.



The exemption allowed under this paragraph (l) shall be available to the spouse or other beneficiary at the death of the primary retiree.

(m) National Guard or Reserve Forces of the United States compensation not to exceed the aggregate sum of Five Thousand Dollars (\$5,000.00) for any taxable year through the 2005 taxable year, and not to exceed the aggregate sum of Fifteen Thousand Dollars (\$15,000.00) for any taxable year thereafter.

(n) Compensation received for active service as a member below the grade of commissioned officer and so much of the compensation as does not exceed the maximum enlisted amount received for active service as a commissioned officer in the Armed Forces of the United States for any month during any part of which such members of the Armed Forces (i) served in a combat zone as designated by Executive Order of the President of the United States or a qualified hazardous duty area as defined by federal law, or both; or (ii) was hospitalized as a result of wounds, disease or injury incurred while serving in such combat zone. For the purposes of this paragraph (n), the term "maximum enlisted amount" means and has the same definition as that term has in 26 USCS 112.

(o) The proceeds received from federal and state forestry incentive programs.

(p) The amount representing the difference between the increase of gross income derived from sales for export outside the



272 United States as compared to the preceding tax year wherein gross  
273 income from export sales was highest, and the net increase in  
274 expenses attributable to such increased exports. In the absence  
275 of direct accounting, the ratio of net profits to total sales may  
276 be applied to the increase in export sales. This paragraph (p)  
277 shall only apply to businesses located in this state engaging in  
278 the international export of Mississippi goods and services. Such  
279 goods or services shall have at least fifty percent (50%) of value  
280 added at a location in Mississippi.

281 (q) Amounts paid by the federal government for the  
282 construction of soil conservation systems as required by a  
283 conservation plan adopted pursuant to 16 USCS 3801 et seq.

284 (r) The amount deposited in a medical savings account,  
285 and any interest accrued thereon, that is a part of a medical  
286 savings account program as specified in the Medical Savings  
287 Account Act under Sections 71-9-1 through 71-9-9; provided,  
288 however, that any amount withdrawn from such account for purposes  
289 other than paying eligible medical expense or to procure health  
290 coverage shall be included in gross income.

291 (s) Amounts paid by the Mississippi Soil and Water  
292 Conservation Commission from the Mississippi Soil and Water  
293 Cost-Share Program for the installation of water quality best  
294 management practices.



295 (t) Dividends received by a holding corporation, as  
296 defined in Section 27-13-1, from a subsidiary corporation, as  
297 defined in Section 27-13-1.

298 (u) Interest, dividends, gains or income of any kind on  
299 any account in the Mississippi Affordable College Savings Trust  
300 Fund, as established in Sections 37-155-101 through 37-155-125, to  
301 the extent that such amounts remain on deposit in the MACS Trust  
302 Fund or are withdrawn pursuant to a qualified withdrawal, as  
303 defined in Section 37-155-105.

304 (v) Interest, dividends or gains accruing on the  
305 payments made pursuant to a prepaid tuition contract, as provided  
306 for in Section 37-155-17.

307 (w) Income resulting from transactions with a related  
308 member where the related member subject to tax under this chapter  
309 was required to, and did in fact, add back the expense of such  
310 transactions as required by Section 27-7-17(2). Under no  
311 circumstances may the exclusion from income exceed the deduction  
312 add-back of the related member, nor shall the exclusion apply to  
313 any income otherwise excluded under this chapter.

314 (x) Amounts that are subject to the tax levied pursuant  
315 to Section 27-7-901, and are paid to patrons by gaming  
316 establishments licensed under the Mississippi Gaming Control Act.

317 (y) Amounts that are subject to the tax levied pursuant  
318 to Section 27-7-903, and are paid to patrons by gaming



establishments not licensed under the Mississippi Gaming Control Act.

(z) Interest, dividends, gains or income of any kind on any account in a qualified tuition program and amounts received as distributions under a qualified tuition program shall be treated in the same manner as provided under the United States Internal Revenue Code, as amended. For the purposes of this paragraph (z), the term "qualified tuition program" means and has the same definition as that term has in 26 USCS 529.

(aa) The amount deposited in a health savings account, and any interest accrued thereon, that is a part of a health savings account program as specified in the Health Savings Accounts Act created in Sections 83-62-1 through 83-62-9; however, any amount withdrawn from such account for purposes other than paying qualified medical expenses or to procure health coverage shall be included in gross income, except as otherwise provided by Sections 83-62-7 and 83-62-9.

(bb) Amounts received as qualified disaster relief payments shall be treated in the same manner as provided under the United States Internal Revenue Code, as amended.

(cc) Amounts received as a "qualified Hurricane Katrina distribution" as defined in the United States Internal Revenue Code, as amended.



(dd) Amounts received by an individual which may be excluded from income as foreign earned income for federal income tax purposes.

(ee) Amounts received by a qualified individual, directly or indirectly, from an employer or nonprofit housing organization that are qualified housing expenses associated with an employer-assisted housing program. For purposes of this paragraph (ee):

(i) "Qualified individual" means any individual whose household income does not exceed one hundred twenty percent (120%) of the area median gross income (as defined by the United States Department of Housing and Urban Development), adjusted for household size, for the area in which the housing is located.

(ii) "Nonprofit housing organization" means an organization that is organized as a not-for-profit organization under the laws of this state or another state and has as one of its purposes:

1. Homeownership education or counseling;
2. The development of affordable housing; or
3. The development or administration of employer-assisted housing programs.

(iii) "Employer-assisted housing program" means a separate written plan of any employer (including, without limitation, tax-exempt organizations and public employers) for the exclusive benefit of the employer's employees to pay qualified



housing expenses to assist the employer's employees in securing affordable housing.

(iv) "Qualified housing expenses" means:

1. With respect to rental assistance, an amount not to exceed Two Thousand Dollars (\$2,000.00) paid for the purpose of assisting employees with security deposits and rental subsidies; and

2. With respect to homeownership assistance, an amount not to exceed the lesser of Ten Thousand Dollars (\$10,000.00) or six percent (6%) of the purchase price of the employee's principal residence that is paid for the purpose of assisting employees with down payments, payment of closing costs, reduced interest mortgages, mortgage guarantee programs, mortgage forgiveness programs, equity contribution programs, or contributions to homebuyer education and/or homeownership counseling of eligible employees.

(ff) For the 2010 taxable year and any taxable year thereafter, amounts converted in accordance with the United States Internal Revenue Code, as amended, from a traditional Individual Retirement Account to a Roth Individual Retirement Account. The exemption allowed under this paragraph (ff) shall be available to the spouse or other beneficiary at the death of the primary retiree.

(gg) Amounts received for the performance of disaster or emergency-related work as defined in Section 27-113-5.





(hh) The amount deposited in a catastrophe savings account established under Sections 27-7-1001 through 27-7-1007, interest income earned on the catastrophe savings account, and distributions from the catastrophe savings account; however, any amount withdrawn from a catastrophe savings account for purposes other than paying qualified catastrophe expenses shall be included in gross income, except as otherwise provided by Sections 27-7-1001 through 27-7-1007.

(ii) Interest, dividends, gains or income of any kind on any account in the Mississippi Achieving a Better Life Experience (ABLE) Trust Fund, as established in Chapter 28, Title 43, to the extent that such amounts remain on deposit in the ABLE Trust Fund or are withdrawn pursuant to a qualified withdrawal, as defined in Section 43-28-11.

(jj) Subject to the limitations provided under Section 27-7-1103, amounts deposited into a first-time homebuyer savings account and any interest or other income earned attributable to an account and monies or funds withdrawn or distributed from an account for the payment of eligible costs by or on behalf of a qualified beneficiary; however, any monies or funds withdrawn or distributed from a first-time homebuyer savings account for any purpose other than the payment of eligible costs by or on behalf of a qualified beneficiary shall be included in gross income. For the purpose of this paragraph (jj), the terms "first-time homebuyer savings account," "eligible costs" and "qualified



417 beneficiary" mean and have the same definitions as such terms have  
418 in Section 27-7-1101.

419 (kk) Amounts paid by an agricultural disaster program  
420 as compensation to an agricultural producer, cattle farmer or  
421 cattle rancher who has suffered a loss as the result of a disaster  
422 or emergency, including, but not limited to, the following United  
423 States Department of Agriculture programs:

- 424 (i) Livestock Forage Disaster Program;
- 425 (ii) Livestock Indemnity Program;
- 426 (iii) Emergency Assistance for Livestock, Honey  
427 Bees and Farm-raised Fish Program;
- 428 (iv) Emergency Conservation Program;
- 429 (v) Noninsured Crop Disaster Assistance Program;
- 430 (vi) Pasture, Rangeland, Forage Pilot Insurance  
431 Program;
- 432 (vii) Annual Forage Pilot Program;
- 433 (viii) Livestock Risk Protection Insurance  
434 Program; and
- 435 (ix) Livestock Gross Margin Insurance Plan.

436 (ll) Amounts received as advances and/or grants under  
437 the federal Coronavirus Aid, Relief, and Economic Security Act.

438 (mm) Any and all cancelled indebtedness provided for  
439 under the Coronavirus Aid, Relief, and Economic Security Act.

440 (nn) Amounts received as payments under Section 4 of  
441 Senate Bill No. 2772, 2020 Regular Session.



(oo) Amounts received as grants under the 2020 COVID-19 Mississippi Business Assistance Act.

(pp) Amounts received as grants under Section 57-1-521.

(qq) Amounts received by a qualified individual as a rebate under the program authorized in Section 1 of this act. For the purposes of this paragraph (qq), the term "qualified individual" means and has the same definition as that term has in Section 1 of this act.

(5) Prisoners of war, missing in action-taxable status.

(a) **Members of the Armed Forces.** Gross income does not include compensation received for active service as a member of the Armed Forces of the United States for any month during any part of which such member is in a missing status, as defined in paragraph (d) of this subsection, during the Vietnam Conflict as a result of such conflict.

(b) **Civilian employees.** Gross income does not include compensation received for active service as an employee for any month during any part of which such employee is in a missing status during the Vietnam Conflict as a result of such conflict.

(c) **Period of conflict.** For the purpose of this subsection, the Vietnam Conflict began February 28, 1961, and ends on the date designated by the President by Executive Order as the date of the termination of combatant activities in Vietnam. For the purpose of this subsection, an individual is in a missing status as a result of the Vietnam Conflict if immediately before



such status began he was performing service in Vietnam or was performing service in Southeast Asia in direct support of military operations in Vietnam. "Southeast Asia," as used in this paragraph, is defined to include Cambodia, Laos, Thailand and waters adjacent thereto.

(d) "Missing status" means the status of an employee or member of the Armed Forces who is in active service and is officially carried or determined to be absent in a status of (i) missing; (ii) missing in action; (iii) interned in a foreign country; (iv) captured, beleaguered or besieged by a hostile force; or (v) detained in a foreign country against his will; but does not include the status of an employee or member of the Armed Forces for a period during which he is officially determined to be absent from his post of duty without authority.

(e) "Active service" means active federal service by an employee or member of the Armed Forces of the United States in an active duty status.

(f) "Employee" means one who is a citizen or national of the United States or an alien admitted to the United States for permanent residence and is a resident of the State of Mississippi and is employed in or under a federal executive agency or department of the Armed Forces.

(g) "Compensation" means (i) basic pay; (ii) special pay; (iii) incentive pay; (iv) basic allowance for quarters; (v)



basic allowance for subsistence; and (vi) station per diem allowances for not more than ninety (90) days.

(h) If refund or credit of any overpayment of tax for any taxable year resulting from the application of this subsection (5) is prevented by the operation of any law or rule of law, such refund or credit of such overpayment of tax may, nevertheless, be made or allowed if claim therefor is filed with the Department of Revenue within three (3) years after the date of the enactment of this subsection.

(i) The provisions of this subsection shall be effective for taxable years ending on or after February 28, 1961.

(6) A shareholder of an S corporation, as defined in Section 27-8-3(1)(g), shall take into account the income, loss, deduction or credit of the S corporation only to the extent provided in Section 27-8-7(2).

**SECTION 3.** Section 1 of this act shall be codified as a new section in Chapter 7, Title 27, Mississippi Code of 1972.

**SECTION 4.** This act shall take effect and be in force from and after July 1, 2021.

