MISSISSIPPI LEGISLATURE

By: Representatives Gunn, Lamar, White, Steverson, Barnett, Massengill, Bain, Newman, Rushing, Kinkade, Morgan, Pigott, Ford (73rd), Calvert, Smith, Creekmore IV, Goodin, Tullos, Carpenter, Hood, Oliver, Robinson, Boyd, Eure, McKnight, Owen, Sanders, Crawford, Darnell, McLean, Tubb, Byrd, Eubanks, Brown (20th)

To: Ways and Means

MISSISSIPPI LEGISLATURE
REGULAR SESSION 2022

HOUSE BILL NO. 531
(As Sent to Governor)

AN ACT TO CREATE THE MISSISSIPPI TAX FREEDOM ACT OF 2022; TO AMEND SECTION 27-7-5, MISSISSIPPI CODE OF 1972, TO REDUCE THE STATE INCOME TAX ON THE TAXABLE INCOME OF INDIVIDUALS; TO PROVIDE THAT IT IS THE INTENT OF THE LEGISLATURE THAT BEFORE CALENDAR YEAR 2026, THE LEGISLATURE WILL CONSIDER WHETHER THE REVISED INCOME TAX RATES PROVIDED FOR IN THIS ACT WILL BE FURTHER DECREASED FOR CALENDAR YEARS AFTER CALENDAR YEAR 2026; TO PROVIDE THAT IF THE REVISED TAX RATES ARE FURTHER DECREASED FOR CALENDAR YEARS AFTER CALENDAR YEAR 2026 TO THE EXTENT THAT THERE IS NO TAX LEVIED ON THE TAXABLE INCOME INDIVIDUALS UNDER THIS SECTION, THE INDIVIDUAL INCOME TAX SHALL STAND REPEALED; AND FOR RELATED PURPOSES.

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

SECTION 1. This act shall be known and may be cited as the "Mississippi Tax Freedom Act of 2022."

SECTION 2. Section 27-7-5, Mississippi Code of 1972, is amended as follows:

27-7-5. (1) (a) 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:

***(i) 1.** Through calendar year 2017, on the first Five Thousand Dollars ($5,000.00) of taxable income, or any part thereof, the rate shall be three percent (3%);

***(ii) 2.** For calendar year 2018, on the first One Thousand Dollars ($1,000.00) of taxable income there shall be no tax levied, and on the next Four Thousand Dollars ($4,000.00) of taxable income, or any part thereof, the rate shall be three percent (3%);

***(iii) 3.** For calendar year 2019, on the first Two Thousand Dollars ($2,000.00) of taxable income there shall be no tax levied, and on the next Three Thousand Dollars ($3,000.00) of taxable income, or any part thereof, the rate shall be three percent (3%);

***(iv) 4.** For calendar year 2020, on the first Three Thousand Dollars ($3,000.00) of taxable income there shall be no tax levied, and on the next Two Thousand Dollars ($2,000.00) of taxable income, or any part thereof, the rate shall be three percent (3%);

***(v) 5.** For calendar year 2021, on the first Four Thousand Dollars ($4,000.00) of taxable income there shall be no tax levied, and on the next One Thousand Dollars ($1,000.00) of taxable income, or any part thereof, the rate shall be three percent (3%);
6. For calendar year 2022 and all taxable years thereafter, there shall be no tax levied on the first Five Thousand Dollars ($5,000.00) of taxable income;
   (ii) On taxable income in excess of Five Thousand Dollars ($5,000.00) up to and including Ten Thousand Dollars ($10,000.00), or any part thereof, the rate shall be four percent (4%); and
   (iii) On all taxable income in excess of Ten Thousand Dollars ($10,000.00), the rate shall be five percent (5%).

(b) (i) For calendar year 2023 and all calendar years thereafter, there shall be no tax levied under subparagraph (ii) of paragraph (a) of this subsection on the taxable income of individuals in excess of Five Thousand Dollars ($5,000.00) up to and including Ten Thousand Dollars ($10,000.00), or any part thereof; and
(ii) For calendar year 2024 and all calendar years thereafter, the tax imposed under subparagraph (iii) of paragraph (a) of this subsection upon all taxable income of individuals in excess of Ten Thousand Dollars ($10,000.00), shall be at the following rates:

1. For calendar year 2024, on such taxable income, the rate shall be four and seven-tenths percent (4.7%);
2. For calendar year 2025, on such taxable income, the rate shall be four and four-tenths percent (4.4%); and
3. For calendar year 2026 and all calendar years thereafter, on such taxable income, the rate shall be four percent (4%).

It is the intent of the Legislature that before calendar year 2026, the Legislature will consider whether the revised tax rates provided for in this subparagraph (ii) will be further decreased for calendar years after calendar year 2026. If the revised tax rates provided for in this subparagraph (ii) are further decreased for calendar years after calendar year 2026 to the extent that there is no tax levied on the taxable income of individuals under this subparagraph (ii), the individual income tax shall stand repealed.

(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 taxpayers having a fiscal year beginning in a calendar year with a rate in effect that is different than the rate in effect for the next calendar year and ending in 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 begins; and

(b) 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 ends; 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 within 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 3. This act shall take effect and be in force from
and after July 1, 2022.