

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

HOUSE BILL NO. 531
 (As Sent to Governor)

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 11 INCOME TAX SHALL STAND REPEALED; AND FOR RELATED PURPOSES.

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

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

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

17 27-7-5. (1) (a) Except as otherwise provided in this
 18 section, there is hereby assessed and levied, to be collected and
 19 paid as hereinafter provided, for the calendar year 1983 and
 20 fiscal years ending during the calendar year 1983 and all taxable
 21 years thereafter, upon the entire net income of every resident



22 individual, corporation, association, trust or estate, in excess
23 of the credits provided, a tax at the following rates:

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

27 * * * 2. For calendar year 2018, on the
28 first One Thousand Dollars (\$1,000.00) of taxable income there
29 shall be no tax levied, and on the next Four Thousand Dollars
30 (\$4,000.00) of taxable income, or any part thereof, the rate shall
31 be three percent (3%);

32 * * * 3. For calendar year 2019, on the
33 first Two Thousand Dollars (\$2,000.00) of taxable income there
34 shall be no tax levied, and on the next Three Thousand Dollars
35 (\$3,000.00) of taxable income, or any part thereof, the rate shall
36 be three percent (3%);

37 * * * 4. For calendar year 2020, on the
38 first Three Thousand Dollars (\$3,000.00) of taxable income there
39 shall be no tax levied, and on the next Two Thousand Dollars
40 (\$2,000.00) of taxable income, or any part thereof, the rate shall
41 be three percent (3%);

42 * * * 5. For calendar year 2021, on the
43 first Four Thousand Dollars (\$4,000.00) of taxable income there
44 shall be no tax levied, and on the next One Thousand Dollars
45 (\$1,000.00) of taxable income, or any part thereof, the rate shall
46 be three percent (3%);



47 * * * 6. For calendar year 2022 and all
48 taxable years thereafter, there shall be no tax levied on the
49 first Five Thousand Dollars (\$5,000.00) of taxable income;

50 * * * (ii) On taxable income in excess of Five
51 Thousand Dollars (\$5,000.00) up to and including Ten Thousand
52 Dollars (\$10,000.00), or any part thereof, the rate shall be four
53 percent (4%); and

54 * * * (iii) On all taxable income in excess of Ten
55 Thousand Dollars (\$10,000.00), the rate shall be five percent
56 (5%).

57 (b) (i) For calendar year 2023 and all calendar years
58 thereafter, there shall be no tax levied under subparagraph (ii)
59 of paragraph (a) of this subsection on the taxable income of
60 individuals in excess of Five Thousand Dollars (\$5,000.00) up to
61 and including Ten Thousand Dollars (\$10,000.00), or any part
62 thereof; and

63 (ii) For calendar year 2024 and all calendar years
64 thereafter, the tax imposed under subparagraph (iii) of paragraph
65 (a) of this subsection upon all taxable income of individuals in
66 excess of Ten Thousand Dollars (\$10,000.00), shall be at the
67 following rates:

68 1. For calendar year 2024, on such taxable
69 income, the rate shall be four and seven-tenths percent (4.7%);

70 2. For calendar year 2025, on such taxable
71 income, the rate shall be four and four-tenths percent (4.4%); and



72 3. For calendar year 2026 and all calendar
73 years thereafter, on such taxable income, the rate shall be four
74 percent (4%).

75 It is the intent of the Legislature that before calendar year
76 2026, the Legislature will consider whether the revised tax rates
77 provided for in this subparagraph (ii) will be further decreased
78 for calendar years after calendar year 2026. If the revised tax
79 rates provided for in this subparagraph (ii) are further decreased
80 for calendar years after calendar year 2026 to the extent that
81 there is no tax levied on the taxable income of individuals under
82 this subparagraph (ii), the individual income tax shall stand
83 repealed.

84 (2) An S corporation, as defined in Section 27-8-3(1)(g),
85 shall not be subject to the income tax imposed under this section.

86 (3) A like tax is hereby imposed to be assessed, collected
87 and paid annually, except as hereinafter provided, at the rate
88 specified in this section and as hereinafter provided, upon and
89 with respect to the entire net income, from all property owned or
90 sold, and from every business, trade or occupation carried on in
91 this state by individuals, corporations, partnerships, trusts or
92 estates, not residents of the State of Mississippi.

93 (4) In the case of taxpayers having a fiscal year beginning
94 in a calendar year with a rate in effect that is different than
95 the rate in effect for the next calendar year and ending in the



96 next calendar year, the tax due for that taxable year shall be
97 determined by:

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

101 (b) Computing for the full fiscal year the amount of
102 tax that would be due under the rates in effect for the calendar
103 year in which the fiscal year ends; and

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

108 (d) Applying to the tax computed under paragraph (b)
109 the ratio which the number of months falling within the later
110 calendar year bears to the total number of months within the
111 fiscal year; and

112 (e) Adding to the tax determined under paragraph (c)
113 the tax determined under paragraph (d) the sum of which shall be
114 the amount of tax due for the fiscal year.

115 **SECTION 3.** This act shall take effect and be in force from
116 and after July 1, 2022.

