

By: Senator(s) McDaniel, Sojourner

To: Finance

SENATE BILL NO. 2750

1 AN ACT TO AMEND SECTION 27-7-5, MISSISSIPPI CODE OF 1972, TO
2 PHASE OUT THE MISSISSIPPI STATE INCOME TAX BASED ON GENERAL FUND
3 REVENUE COLLECTIONS; AND FOR RELATED PURPOSES.

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

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

7 27-7-5. (1) On or before October 1, 2023, and on or before
8 October 1 of each succeeding year, if the amount of the actual
9 General Fund revenue collected during the most recent full fiscal
10 year (with the exception of any federal stimulus payments received
11 by the State of Mississippi under authority of H.R. 1319, American
12 Rescue Plan Act of 2021, 117th Congress) exceeds the amount of the
13 actual General Fund revenue for the previous full fiscal year
14 multiplied by whichever is the lesser of 1.015 or the inflation
15 factor determined under this paragraph as calculated and certified
16 by the Commissioner of Revenue, the taxable rate on all wages or
17 personal income of natural persons in excess of Ten Thousand
18 Dollars (\$10,000.00) shall decrease by one-half percent (.50%)



19 effective for the taxable year that begins on the following
20 January 1. From and after January 1 of the succeeding year for
21 which the taxable rate is zero percent (0%), the personal income
22 tax shall stand repealed.

23 The inflation factor shall be determined by dividing the
24 CPI-U for the most recent full fiscal year by the CPI-U for the
25 fiscal year immediately preceding the most recent full fiscal
26 year. As used in this subsection, "CPI-U" means the United States
27 Consumer Price Index for All Urban Consumers, South Region, as
28 defined and reported by the United States Department of Labor,
29 Bureau of Labor Statistics.

30 (* * *2) There is hereby assessed and levied, to be
31 collected and paid as hereinafter provided, for the calendar year
32 1983 and fiscal years ending during the calendar year 1983 and all
33 taxable years thereafter, upon the entire net income of every
34 resident individual, corporation, association, trust or estate, in
35 excess of the credits provided, a tax at the following rates:

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

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



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

49 (* * *d) For calendar year 2020, on the first Three
50 Thousand Dollars (\$3,000.00) of taxable income there shall be no
51 tax levied, and on the next Two Thousand Dollars (\$2,000.00) of
52 taxable income, or any part thereof, the rate shall be three
53 percent (3%);

54 (* * *e) For calendar years 2021 and 2022, on the
55 first Four Thousand Dollars (\$4,000.00) of taxable income there
56 shall be no tax levied, and on the next One Thousand Dollars
57 (\$1,000.00) of taxable income, or any part thereof, the rate shall
58 be three percent (3%);

59 (* * *f) For calendar year * * * 2023 and all taxable
60 years thereafter, there shall be no tax levied on the first * * *
61 Ten Thousand Dollars (\$10,000.00) of taxable income. * * * On all
62 taxable income in excess of Ten Thousand Dollars (\$10,000.00), the
63 rate shall be five percent (5%).

64 (* * *3) An S corporation, as defined in Section
65 27-8-3(1)(g), shall not be subject to the income tax imposed under
66 this section.

67 (* * *4) A like tax is hereby imposed to be assessed,
68 collected and paid annually, except as hereinafter provided, at



69 the rate specified in this section and as hereinafter provided,
70 upon and with respect to the entire net income, from all property
71 owned or sold, and from every business, trade or occupation
72 carried on in this state by individuals, corporations,
73 partnerships, trusts or estates, not residents of the State of
74 Mississippi.

75 (* * *5) In the case of taxpayers having a fiscal year
76 beginning in a calendar year with a rate in effect that is
77 different than the rate in effect for the next calendar year and
78 ending in the next calendar year, the tax due for that taxable
79 year shall be determined by:

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

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

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

90 (d) Applying to the tax computed under paragraph (b)
91 the ratio which the number of months falling within the later
92 calendar year bears to the total number of months within the
93 fiscal year; and



94 (e) Adding to the tax determined under paragraph (c)
95 the tax determined under paragraph (d) the sum of which shall be
96 the amount of tax due for the fiscal year.

97 **SECTION 2.** This act shall take effect and be in force from
98 and after July 1, 2022.

