

By: Senator(s) McDaniel

To: Finance

SENATE BILL NO. 2875

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 [Until January 1 of the next succeeding year after the date
8 that the Commissioner of Revenue certifies that the amount of the
9 actual General Fund revenue collected during the most recent
10 fiscal year exceeds the amount of the actual General Fund revenue
11 for the most recent full fiscal year multiplied by the inflation
12 factor prescribed in subsection (1) of this section, this section
13 shall read as follows:]

14 27-7-5. (1) On or before October 1, 2023, and on or before
15 October 1 of each succeeding year, if the amount of the actual
16 General Fund revenue collected during the most recent full fiscal
17 year exceeds the amount of the actual General Fund revenue for the
18 previous full fiscal year multiplied by whichever is the lesser of



19 1.015 or the inflation factor determined under this paragraph as
20 calculated and certified by the Commissioner of Revenue, the
21 taxable rate on all wages or personal income of natural persons in
22 excess of Ten Thousand Dollars (\$10,000.00) shall decrease by
23 one-half percent (.50%) effective for the taxable year that begins
24 on the following January 1. From and after January 1 of the
25 succeeding year for which the taxable rate is zero percent (0%),
26 the personal income tax shall stand repealed.

27 The inflation factor shall be determined by dividing the
28 CPI-U for the most recent full fiscal year by the CPI-U for the
29 fiscal year immediately preceding the most recent full fiscal
30 year. As used in this subsection (1), "CPI-U" means the United
31 States Consumer Price Index for All Urban Consumers, South Region
32 as defined and reported by the United States Department of Labor,
33 Bureau of Labor Statistics.

34 (* * * 2) * * * There is hereby assessed and levied, to be
35 collected and paid as hereinafter provided, for the calendar year
36 1983 and fiscal years ending during the calendar year 1983 and all
37 taxable years thereafter, upon the entire net income of every
38 resident individual, corporation, association, trust or estate, in
39 excess of the credits provided, a tax at the following rates:

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



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

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

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

58 * * * (e) For calendar year 2021, on the first Four
59 Thousand Dollars (\$4,000.00) of taxable income there shall be no
60 tax levied, and on the next One Thousand Dollars (\$1,000.00) of
61 taxable income, or any part thereof, the rate shall be three
62 percent (3%);

63 * * * (f) For calendar year 2022 and all taxable years
64 thereafter, there shall be no tax levied on the first * * * Ten
65 Thousand Dollars (\$10,000.00) of taxable income * * *. On all
66 taxable income in excess of Ten Thousand Dollars (\$10,000.00), the
67 rate shall be five percent (5%).



68 * * *

69 (* * *3) An S corporation, as defined in Section
70 27-8-3(1)(g), shall not be subject to the income tax imposed under
71 this section.

72 (* * *4) A like tax is hereby imposed to be assessed,
73 collected and paid annually, except as hereinafter provided, at
74 the rate specified in this section and as hereinafter provided,
75 upon and with respect to the entire net income, from all property
76 owned or sold, and from every business, trade or occupation
77 carried on in this state by individuals, corporations,
78 partnerships, trusts or estates, not residents of the State of
79 Mississippi.

80 (* * *5) In the case of taxpayers having a fiscal year
81 beginning in a calendar year with a rate in effect that is
82 different than the rate in effect for the next calendar year and
83 ending in the next calendar year, the tax due for that taxable
84 year shall be determined by:

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

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

91 (c) Applying to the tax computed under paragraph (a)
92 the ratio which the number of months falling within the earlier



93 calendar year bears to the total number of months in the fiscal
94 year; and

95 (d) Applying to the tax computed under paragraph (b)
96 the ratio which the number of months falling within the later
97 calendar year bears to the total number of months within the
98 fiscal year; and

99 (e) Adding to the tax determined under paragraph (c)
100 the tax determined under paragraph (d) the sum of which shall be
101 the amount of tax due for the fiscal year.

102 [From and after January 1 of the next succeeding year after
103 the date that the Commissioner of Revenue certifies that the
104 amount of the actual General Fund revenue collected during the
105 most recent fiscal year exceeds the amount of the actual General
106 Fund revenue for the most recent full fiscal year multiplied by
107 the inflation factor prescribed in subsection (1) of this section,
108 the individual income tax shall stand repealed and this section
109 shall read as follows:]

110 27-7-5. * * * [Deleted]

111 **SECTION 2.** This act shall take effect and be in force from
112 and after July 1, 2023.

