

By: Representative Zuber

To: Business and Commerce

HOUSE BILL NO. 991

1 AN ACT TO AMEND SECTION 91-17-401, MISSISSIPPI CODE OF 1972,
2 TO REVISE CERTAIN PROVISIONS RELATING TO MONIES RECEIVED IN
3 PARTIAL LIQUIDATION UNDER THE MISSISSIPPI PRINCIPAL AND INCOME ACT
4 OF 2013; AND FOR RELATED PURPOSES.

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

6 **SECTION 1.** Section 91-17-401, Mississippi Code of 1972, is
7 amended as follows:

8 91-17-401. **Character of receipts.** (a) In this section,
9 "entity" means a corporation, partnership, limited liability
10 company, regulated investment company, real estate investment
11 trust, common trust fund, or any other organization in which a
12 trustee has an interest other than a trust or estate to which
13 Section 91-17-402 applies, a business or activity to which Section
14 91-17-403 applies, or an asset-backed security to which Section
15 91-17-415 applies.

16 (b) Except as otherwise provided in this section, a trustee
17 shall allocate to income money received from an entity.

18 (c) A trustee shall allocate the following receipts from an
19 entity to principal:



20 (1) Property other than money;
21 (2) Money received in one (1) distribution or a series
22 of related distributions in exchange for part or all of a trust's
23 interest in the entity;
24 (3) Money received in total or partial liquidation of
25 the entity; and
26 (4) Money received from an entity that is a regulated
27 investment company or a real estate investment trust if the money
28 distributed is a capital gain dividend for federal income tax
29 purposes.

30 (d) Money is received in partial liquidation:

31 (1) To the extent that the entity, at or near the time
32 of a distribution, indicates that it is a distribution in partial
33 liquidation; or

34 (2) If the total amount of money and property received
35 in a distribution or series of related distributions by all of the
36 owners, collectively, is greater than twenty percent (20%) of the
37 entity's * * * total assets, as shown by the entity's year-end
38 financial statements immediately preceding the initial receipt.
39 "Total assets" means the amount of cash and the aggregate adjusted
40 bases of other property held by the entity.

41 (e) * * * If money is received in a partial liquidation
42 under subsection (d) (2) of this section, a portion of the receipt
43 allocated to the principal shall be reallocated to income by the



44 trustee to reimburse the trustee or beneficiary for the federal
45 and state income taxes attributable to the receipt.

46 (f) A trustee may rely upon a statement made by an entity
47 about the source or character of a distribution if the statement
48 is made at or near the time of distribution by the entity's board
49 of directors or other person or group of persons authorized to
50 exercise powers to pay money or transfer property comparable to
51 those of a corporation's board of directors.

52 **SECTION 2.** This act shall take effect and be in force from
53 and after July 1, 2025.

