

By: Representatives Mayo, Bounds

To: Ways and Means

COMMITTEE SUBSTITUTE
FOR
HOUSE BILL NO. 1629

1 AN ACT TO AMEND SECTION 27-7-5, MISSISSIPPI CODE OF 1972, TO
2 PHASE OUT THE STATE INCOME TAX ON INDIVIDUALS; AND FOR RELATED
3 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) Except as otherwise provided in this section,
8 there is hereby assessed and levied, to be collected and paid as
9 hereinafter provided, for the calendar year 1983 and fiscal years
10 ending during the calendar year 1983 and all taxable years
11 thereafter, upon the entire net income of every resident
12 individual, corporation, association, trust or estate, in excess
13 of the credits provided, a tax at the following rates:

14 (a) On the first Five Thousand Dollars (\$5,000.00) of
15 taxable income, or any part thereof, at the rate of three percent
16 (3%);

17 On the next Five Thousand Dollars (\$5,000.00) of taxable
18 income, or any part thereof, at the rate of four percent (4%); and



On all taxable income in excess of Ten Thousand Dollars (\$10,000.00), at the rate of five percent (5%).

(b) (i) Subject to the provisions of subparagraph (ii) of this paragraph (b), for calendar year 2017 and all calendar years thereafter, the tax imposed under this section (1) upon the net income of resident individuals shall be at the following rates:

1. For calendar year 2017, such tax shall be at the following rates:

a. On the first Five Thousand Dollars (\$5,000.00) of taxable income, or any part thereof, at the rate of two percent (2%);

b. On the next Five Thousand Dollars (\$5,000.00) of taxable income, or any part thereof, at the rate of four percent (4%); and

c. On all taxable income in excess of Ten Thousand Dollars (\$10,000.00), at the rate of five percent (5%).

2. For calendar year 2018, such tax shall be at the following rates:

a. On the first Five Thousand Dollars (\$5,000.00) of taxable income, or any part thereof, at the rate of one percent (1%);



42 b. On the next Five Thousand Dollars
43 (\$5,000.00) of taxable income, or any part thereof, at the rate of
44 four percent (4%); and

45 c. On all taxable income in excess of
46 Ten Thousand Dollars (\$10,000.00), at the rate of five percent
47 (5%).

48 3. For calendar year 2019, such tax shall be
49 at the following rates:

50 a. On taxable income in excess of Five
51 Thousand Dollars (\$5,000.00) but not more than Ten Thousand
52 Dollars (\$10,000.00), at the rate of four percent (4%); and

53 b. On all taxable income in excess of
54 Ten Thousand Dollars (\$10,000.00), at the rate of five percent
55 (5%).

56 4. For calendar year 2020, such tax shall be
57 at the following rates:

58 a. On taxable income in excess of Five
59 Thousand Dollars (\$5,000.00) but not more than Ten Thousand
60 Dollars (\$10,000.00), at the rate of three percent (3%); and

61 b. On all taxable income in excess of
62 Ten Thousand Dollars (\$10,000.00), at the rate of five percent
63 (5%).

64 5. For calendar year 2021, such tax shall
65 be at the following rates:



66 a. On taxable income in excess of Five
67 Thousand Dollars (\$5,000.00) but not more than Ten Thousand
68 Dollars (\$10,000.00), at the rate of two percent (2%); and

69 b. On all taxable income in excess of
70 Ten Thousand Dollars (\$10,000.00), at the rate of five percent
71 (5%).

72 6. For calendar year 2022, such tax shall be
73 at the rate of four and one-half percent (4-1/2%) on all taxable
74 income in excess of Ten Thousand Dollars (\$10,000.00).

75 7. For calendar year 2023, such tax shall be
76 at the rate of four percent (4%) on all taxable income in excess
77 of Ten Thousand Dollars (\$10,000.00).

78 8. For calendar year 2024, such tax shall be
79 at the rate of three and one-half percent (3-1/2%) on all taxable
80 income in excess of Ten Thousand Dollars (\$10,000.00).

81 9. For calendar year 2025, such tax shall be
82 at the rate of three percent (3%) on all taxable income in excess
83 of Ten Thousand Dollars (\$10,000.00).

84 10. For calendar year 2026, such tax shall be
85 at the rate of two and one-half percent (2-1/2%) on all taxable
86 income in excess of Ten Thousand Dollars (\$10,000.00).

87 11. For calendar year 2027, such tax shall be
88 at the rate of two percent (2%) on all taxable income in excess of
89 Ten Thousand Dollars (\$10,000.00).



90 12. For calendar year 2028, such tax shall be
91 at the rate of one and one-half percent (1-1/2%) on all taxable
92 income in excess of Ten Thousand Dollars (\$10,000.00).

93 13. For calendar year 2029, such tax shall be
94 at the rate of one percent (1%) on all taxable income in excess of
95 Ten Thousand Dollars (\$10,000.00).

96 14. For calendar year 2030, and each calendar
97 year thereafter, there shall be no income tax imposed upon the net
98 income of any resident individual.

99 (ii) (1) A scheduled tax rate reduction provided
100 for in subparagraph (i) of this paragraph (b) shall be operable
101 only in a calendar year in which the General Fund revenue
102 collection for the fiscal year ending on June 30 of the previous
103 calendar year exceeded the previous fiscal year's General Fund
104 revenue collections by three percent (3%). If a scheduled tax
105 rate reduction is not operable for a calendar year because the
106 General Fund revenue collection requirement of this subparagraph
107 (ii) is not satisfied, then that tax rate reduction shall be
108 operable and apply to the next calendar year for which the revenue
109 collection requirement is satisfied, regardless of the tax rate
110 reduction scheduled for such calendar year; however, only one
111 calendar year tax rate reduction may be operable and apply to a
112 calendar year.

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



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

122 (4) * * * In the case of a taxpayer having a fiscal year
123 beginning in one calendar year and ending after the first day of
124 the next calendar year, the tax due for that taxable year shall be
125 determined by:

126 (a) Computing for the full fiscal year the amount of
127 tax that would be due under the rates in effect for the calendar
128 year in which the fiscal year began; and

129 (b) Computing for the full fiscal year the amount of
130 tax that would be due under the rates in effect for the next
131 calendar year; and

132 (c) Applying to the tax computed under paragraph (a)
133 the ratio which the number of months falling within the earlier
134 calendar year bears to the total number of months in the fiscal
135 year; and

136 (d) Applying to the tax computed under paragraph (b)
137 the ratio which the number of months falling within the later
138 calendar year bears to the total number of months in the fiscal
139 year; and



140 (e) Adding to the tax determined under paragraph (c)
141 the tax determined under paragraph (d) the sum of which shall be
142 the amount of tax due for the fiscal year.

143 **SECTION 2.** This act shall take effect and be in force from
144 and after July 1, 2015.

