

By: Senator(s) Fillingane

To: Finance

SENATE BILL NO. 2858

1 AN ACT TO CREATE THE TAXPAYER PAY RAISE ACT OF 2016; TO AMEND  
2 SECTION 27-7-5, MISSISSIPPI CODE OF 1972, TO PHASE OUT, EFFECTIVE  
3 CALENDAR YEAR 2020, INCOME TAXATION ON THE FIRST \$5,000.00 OF  
4 TAXABLE INCOME; TO BEGIN PHASING OUT INCOME TAXATION ON THE NEXT  
5 \$5,000.00 OF TAXABLE INCOME IN CALENDAR YEAR 2026 AND COMPLETE THE  
6 PHASE-OUT OF INCOME TAXATION ON SUCH AMOUNT IN CALENDAR YEAR 2030;  
7 TO AMEND SECTION 27-7-18, MISSISSIPPI CODE OF 1972, TO PROVIDE  
8 THAT A PORTION OF THE FEDERAL SELF-EMPLOYMENT TAXES ASSESSED  
9 AGAINST SELF-EMPLOYED INDIVIDUALS SHALL BE ALLOWED AS AN  
10 ADJUSTMENT TO GROSS INCOME UNDER THE STATE INCOME TAX LAW; TO  
11 AMEND SECTIONS 27-13-5 AND 27-13-7, MISSISSIPPI CODE OF 1972, TO  
12 PHASE OUT THE CORPORATION FRANCHISE TAX EFFECTIVE JANUARY 1, 2025;  
13 TO REPEAL, EFFECTIVE JANUARY 1, 2025, SECTIONS 27-13-1 THROUGH  
14 27-13-67, MISSISSIPPI CODE OF 1972, WHICH ARE THE CORPORATION  
15 FRANCHISE TAX LAW; AND FOR RELATED PURPOSES.

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

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

19 27-7-5. (1) There is hereby assessed and levied, to be  
20 collected and paid as hereinafter provided, for the calendar year  
21 1983 and fiscal years ending during the calendar year 1983 and all  
22 taxable years thereafter, upon the entire net income of every  
23 resident individual, corporation, association, trust or estate, in  
24 excess of the credits provided, a tax at the following rates:



25           (a) (i) For calendar year 2015 and fiscal years ending  
26 during calendar year 2015, on the first Five Thousand Dollars  
27 (\$5,000.00) of taxable income, or any part thereof, \* \* \* the  
28 rate \* \* \* shall be three percent (3%);

29           (ii) For calendar year 2016 and fiscal years  
30 ending during calendar year 2016, on the first One Thousand  
31 Dollars (\$1,000.00) of taxable income there shall be no tax  
32 levied, and on the next Four Thousand Dollars (\$4,000.00) of  
33 taxable income, or any part thereof, the rate shall be three  
34 percent (3%);

35           (iii) For calendar year 2017 and fiscal years  
36 ending during calendar year 2017, on the first Two Thousand  
37 Dollars (\$2,000.00) of taxable income there shall be no tax  
38 levied, and on the next Three Thousand Dollars (\$3,000.00) of  
39 taxable income, or any part thereof, the rate shall be three  
40 percent (3%);

41           (iv) For calendar year 2018 and fiscal years  
42 ending during calendar year 2018, on the first Three Thousand  
43 Dollars (\$3,000.00) of taxable income there shall be no tax  
44 levied, and on the next Two Thousand Dollars (\$2,000.00) of  
45 taxable income, or any part thereof, the rate shall be three  
46 percent (3%);

47           (v) For calendar year 2019 and fiscal years ending  
48 during calendar year 2019, on the first Four Thousand Dollars  
49 (\$4,000.00) of taxable income there shall be no tax levied, and on



50 the next One Thousand Dollars (\$1,000.00) of taxable income, or  
51 any part thereof, the rate shall be three percent (3%);

52 (vi) For calendar year 2020 and fiscal years  
53 ending during calendar year 2020 and all taxable years thereafter,  
54 there shall be no tax levied on the first Five Thousand Dollars  
55 (\$5,000.00) of taxable income;

56 (b) For calendar years through 2025 and all fiscal  
57 years ending during calendar years through 2025, on \* \* \* taxable  
58 income in excess of Five Thousand Dollars (\$5,000.00) up to and  
59 including Ten Thousand Dollars (\$10,000.00), or any part  
60 thereof, \* \* \* the rate \* \* \* shall be four percent (4%);

61 (i) For calendar year 2026 and fiscal years ending  
62 during calendar year 2026, on the first Six Thousand Dollars  
63 (\$6,000.00) of taxable income there shall be no tax levied, and on  
64 the next Four Thousand Dollars (\$4,000.00) of taxable income, or  
65 any part thereof, the rate shall be four percent (4%);

66 (ii) For calendar year 2027 and fiscal years  
67 ending during calendar year 2027, on the first Seven Thousand  
68 Dollars (\$7,000.00) of taxable income there shall be no tax  
69 levied, and on the next Three Thousand Dollars (\$3,000.00) of  
70 taxable income, or any part thereof, the rate shall be four  
71 percent (4%);

72 (iii) For calendar year 2028 and fiscal years  
73 ending during calendar year 2028, on the first Eight Thousand  
74 Dollars (\$8,000.00) of taxable income there shall be no tax



75 levied, and on the next Two Thousand Dollars (\$2,000.00) of  
76 taxable income, or any part thereof, the rate shall be four  
77 percent (4%);

78 (iv) For calendar year 2029 and fiscal years  
79 ending during calendar year 2029, on the first Nine Thousand  
80 Dollars (\$9,000.00) of taxable income there shall be no tax  
81 levied, and on the next One Thousand Dollars (\$1,000.00) of  
82 taxable income, or any part thereof, the rate shall be four  
83 percent (4%);

84 (v) For calendar year 2030 and fiscal years ending  
85 during calendar year 2030 and all taxable years thereafter, there  
86 shall be no tax levied on the first Ten Thousand Dollars  
87 (\$10,000.00) of taxable income; and

88 (c) On all taxable income in excess of Ten Thousand  
89 Dollars (\$10,000.00), \* \* \* the rate \* \* \* shall be five percent  
90 (5%).

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

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



100 (4) In the case of taxpayers having a fiscal year beginning  
101 in the calendar year 1982 and ending after the first day of  
102 January 1983, the tax due for that taxable year shall be  
103 determined by:

104 (a) Computing for the full fiscal year the amount of  
105 tax that would be due under the rates in effect for the calendar  
106 year 1982; and

107 (b) Computing for the full fiscal year the amount of  
108 tax that would be due under the rates in effect for the calendar  
109 year 1983; and

110 (c) Applying to the tax computed under paragraph (a)  
111 the ratio which the number of months falling within the earlier  
112 calendar year bears to the total number of months in the fiscal  
113 year; and

114 (d) Applying to the tax computed under paragraph (b)  
115 the ratio which the number of months falling within the later  
116 calendar year bears to the total number of months within the  
117 fiscal year; and

118 (e) Adding to the tax determined under paragraph (c)  
119 the tax determined under paragraph (d) the sum of which shall be  
120 the amount of tax due for the fiscal year.

121 **SECTION 2.** Section 27-7-18, Mississippi Code of 1972, is  
122 amended as follows:

123 27-7-18. (1) Alimony payments. In the case of a person  
124 described in Section 27-7-15(2)(e), there shall be allowed as a



125 deduction from gross income amounts paid as periodic payments to  
126 the extent of such amounts as are includible in the gross income  
127 of the spouse as provided in Section 27-7-15(2)(e), payment of  
128 which is made within the person's taxable year.

129 (2) Unreimbursed moving expenses incurred after December 31,  
130 1994, are deductible as an adjustment to gross income in  
131 accordance with provisions of the United States Internal Revenue  
132 Code, and rules, regulations and revenue procedures thereunder  
133 relating to moving expenses, not in direct conflict with the  
134 provisions of the Mississippi Income Tax Law.

135 (3) Amounts paid after December 31, 1998, by a self-employed  
136 individual for insurance which constitute medical care for the  
137 taxpayer, his spouse and dependents, are deductible as an  
138 adjustment to gross income in accordance with provisions of the  
139 United States Internal Revenue Code, and rules, regulations and  
140 revenue procedures thereunder relating to such payments, not in  
141 direct conflict with the provisions of the Mississippi Income Tax  
142 Law.

143 (4) Contributions or payments to a Mississippi Affordable  
144 College Savings (MACS) Program account are deductible from gross  
145 income as provided in Section 37-155-113. Payments made under a  
146 prepaid tuition contract entered into under the Mississippi  
147 Prepaid Affordable College Tuition Program are deductible as  
148 provided in Section 37-155-17.



149 (5) (a) Unreimbursed travel expenses, lodging expenses and  
150 lost wages an individual incurred as a result of, and related to,  
151 the donation, while living, of one or more of his or her organs  
152 for human organ transplantation, are deductible from gross income.  
153 The deduction from gross income authorized by this subsection may  
154 be claimed for only once and may not exceed Ten Thousand Dollars  
155 (\$10,000.00).

156 (b) As used in this subsection, "organ" means all or  
157 part of a liver, pancreas, kidney, intestine, lung or bone marrow.

158 (6) In the case of a self-employed individual, there shall  
159 be allowed as a deduction from gross income an amount equal to:

160 (a) Seventeen percent (17%) of the federal  
161 self-employment taxes imposed on such individual for taxable years  
162 ending in calendar year 2016;

163 (b) Thirty-four percent (34%) of the federal  
164 self-employment taxes imposed on such individual for taxable years  
165 ending in calendar year 2017; and

166 (c) Fifty percent (50%) of the federal self-employment  
167 taxes imposed on such individual for taxable years ending in  
168 calendar year 2018 and thereafter.

169 **SECTION 3.** Section 27-13-5, Mississippi Code of 1972, is  
170 amended as follows:

171 27-13-5. (1) **Franchise tax levy.** (a) Except as otherwise  
172 provided in subsections (3), (4), (5) and (7) of this section,  
173 there is hereby imposed, to be paid and collected as hereinafter



174 provided, a franchise or excise tax upon every corporation,  
175 association or joint-stock company or partnership treated as a  
176 corporation under the income tax laws or regulations, organized or  
177 created for pecuniary gain, having privileges not possessed by  
178 individuals, and having authorized capital stock now existing in  
179 this state, or hereafter organized, created or established, under  
180 and by virtue of the laws of the State of Mississippi, equal to:

181 (i) For tax years beginning before January 1,  
182 2017, Two Dollars and Fifty Cents (\$2.50) for each One Thousand  
183 Dollars (\$1,000.00), or fraction thereof, of the value of the  
184 capital used, invested or employed in the exercise of any power,  
185 privilege or right enjoyed by such organization within this state,  
186 except as hereinafter provided.

187 (ii) For tax years beginning on or after January  
188 1, 2017, but before January 1, 2018, Two Dollars and Twenty-five  
189 Cents (\$2.25) for each One Thousand Dollars (\$1,000.00), or  
190 fraction thereof, of the value of the capital used, invested or  
191 employed in the exercise of any power, privilege or right enjoyed  
192 by such organization within this state, except as hereinafter  
193 provided.

194 (iii) For tax years beginning on or after January  
195 1, 2018, but before January 1, 2019, Two Dollars (\$2.00) for each  
196 One Thousand Dollars (\$1,000.00), or fraction thereof, of the  
197 value of the capital used, invested or employed in the exercise of





198 any power, privilege or right enjoyed by such organization within  
199 this state, except as hereinafter provided.

200 (iv) For tax years beginning on or after January  
201 1, 2019, but before January 1, 2020, One Dollar and Seventy-five  
202 Cents (\$1.75) for each One Thousand Dollars (\$1,000.00), or  
203 fraction thereof, of the value of the capital used, invested or  
204 employed in the exercise of any power, privilege or right enjoyed  
205 by such organization within this state, except as hereinafter  
206 provided.

207 (v) For tax years beginning on or after January 1,  
208 2020, but before January 1, 2021, One Dollar and Fifty Cents  
209 (\$1.50) for each One Thousand Dollars (\$1,000.00), or fraction  
210 thereof, of the value of the capital used, invested or employed in  
211 the exercise of any power, privilege or right enjoyed by such  
212 organization within this state, except as hereinafter provided.

213 (vi) For tax years beginning on or after January  
214 1, 2021, but before January 1, 2022, One Dollar and Twenty-five  
215 Cents (\$1.25) for each One Thousand Dollars (\$1,000.00), or  
216 fraction thereof, of the value of the capital used, invested or  
217 employed in the exercise of any power, privilege or right enjoyed  
218 by such organization within this state, except as hereinafter  
219 provided.

220 (vii) For tax years beginning on or after January  
221 1, 2022, but before January 1, 2023, One Dollar (\$1.00) for each  
222 One Thousand Dollars (\$1,000.00), or fraction thereof, of the



223 value of the capital used, invested or employed in the exercise of  
224 any power, privilege or right enjoyed by such organization within  
225 this state, except as hereinafter provided.

226 (viii) For tax years beginning on or after January  
227 1, 2023, but before January 1, 2024, Seventy-five Cents (\$0.75)  
228 for each One Thousand Dollars (\$1,000.00), or fraction thereof, of  
229 the value of the capital used, invested or employed in the  
230 exercise of any power, privilege or right enjoyed by such  
231 organization within this state, except as hereinafter provided.

232 (ix) For tax years beginning on or after January  
233 1, 2024, but before January 1, 2025, Fifty Cents (\$0.50) for each  
234 One Thousand Dollars (\$1,000.00), or fraction thereof, of the  
235 value of the capital used, invested or employed in the exercise of  
236 any power, privilege or right enjoyed by such organization within  
237 this state, except as hereinafter provided.

238 (b) In no case shall the franchise tax due for the  
239 accounting period be less than Twenty-five Dollars (\$25.00).

240 (c) It is the purpose of this section to require the  
241 payment to the State of Mississippi of this tax for the right  
242 granted by the laws of this state to exist as such organization,  
243 and to enjoy, under the protection of the laws of this state, the  
244 powers, rights, privileges and immunities derived from the state  
245 by the form of such existence.



246           (2) **Annual report of domestic corporations.** Each domestic  
247 corporation shall file an annual report as required by the  
248 provisions of Section 79-4-16.22.

249           (3) A corporation that has negotiated a fee-in-lieu as  
250 defined in Section 57-75-5 shall not be subject to the tax levied  
251 by this section on such project; provided, however, that the  
252 fee-in-lieu payment shall be otherwise treated in the same manner  
253 as the payment of franchise taxes.

254           (4) An approved business enterprise as defined in the Growth  
255 and Prosperity Act shall not be subject to the tax levied by this  
256 section on the value of capital used, invested or employed by the  
257 approved business enterprise in a growth and prosperity county or  
258 supervisors district as provided in the Growth and Prosperity Act.

259           (5) A business enterprise operating a project as defined in  
260 Section 57-64-33, in a county that is a member of a regional  
261 economic development alliance created under the Regional Economic  
262 Development Act shall not be subject to the tax levied by this  
263 section on the value of capital used, invested or employed by the  
264 business enterprise in such a county as provided in Section  
265 57-64-33.

266           (6) The tax levied by this chapter and paid by a business  
267 enterprise located in a redevelopment project area under Sections  
268 57-91-1 through 57-91-11 shall be deposited into the Redevelopment  
269 Project Incentive Fund created in Section 57-91-9.



270 (7) A business enterprise as defined in Section 57-113-1  
271 that is exempt from certain state taxes under Section 57-113-5  
272 shall not be subject to the tax levied by this section on the  
273 value of capital used, invested or employed by the business  
274 enterprise.

275 **SECTION 4.** Section 27-13-7, Mississippi Code of 1972, is  
276 amended as follows:

277 27-13-7. (1) **Franchise tax levy.** (a) Except as otherwise  
278 provided in subsections (3), (4), (5) and (7) of this section,  
279 there is hereby imposed, levied and assessed upon every  
280 corporation, association or joint-stock company, or partnership  
281 treated as a corporation under the income tax laws or regulations  
282 as hereinbefore defined, organized and existing under and by  
283 virtue of the laws of some other state, territory or country, or  
284 organized and existing without any specific statutory authority,  
285 now or hereafter doing business or exercising any power, privilege  
286 or right within this state, as hereinbefore defined, a franchise  
287 or excise tax equal to:

288 (i) For tax years beginning before January 1,  
289 2017, Two Dollars and Fifty Cents (\$2.50) of each One Thousand  
290 Dollars (\$1,000.00), or fraction thereof, of the value of capital  
291 used, invested or employed within this state, except as  
292 hereinafter provided.

293 (ii) For tax years beginning on or after January  
294 1, 2017, but before January 1, 2018, Two Dollars and Twenty-five



295 Cents (\$2.25) for each One Thousand Dollars (\$1,000.00), or  
296 fraction thereof, of the value of the capital used, invested or  
297 employed in the exercise of any power, privilege or right enjoyed  
298 by such organization within this state, except as hereinafter  
299 provided.

300 (iii) For tax years beginning on or after January  
301 1, 2018, but before January 1, 2019, Two Dollars (\$2.00) for each  
302 One Thousand Dollars (\$1,000.00), or fraction thereof, of the  
303 value of the capital used, invested or employed in the exercise of  
304 any power, privilege or right enjoyed by such organization within  
305 this state, except as hereinafter provided.

306 (iv) For tax years beginning on or after January  
307 1, 2019, but before January 1, 2020, One Dollar and Seventy-five  
308 Cents (\$1.75) for each One Thousand Dollars (\$1,000.00), or  
309 fraction thereof, of the value of the capital used, invested or  
310 employed in the exercise of any power, privilege or right enjoyed  
311 by such organization within this state, except as hereinafter  
312 provided.

313 (v) For tax years beginning on or after January 1,  
314 2020, but before January 1, 2021, One Dollar and Fifty Cents  
315 (\$1.50) for each One Thousand Dollars (\$1,000.00), or fraction  
316 thereof, of the value of the capital used, invested or employed in  
317 the exercise of any power, privilege or right enjoyed by such  
318 organization within this state, except as hereinafter provided.



319                   (vi) For tax years beginning on or after January  
320 1, 2021, but before January 1, 2022, One Dollar and Twenty-five  
321 Cents (\$1.25) for each One Thousand Dollars (\$1,000.00), or  
322 fraction thereof, of the value of the capital used, invested or  
323 employed in the exercise of any power, privilege or right enjoyed  
324 by such organization within this state, except as hereinafter  
325 provided.

326                   (vii) For tax years beginning on or after January  
327 1, 2022, but before January 1, 2023, One Dollar (\$1.00) for each  
328 One Thousand Dollars (\$1,000.00), or fraction thereof, of the  
329 value of the capital used, invested or employed in the exercise of  
330 any power, privilege or right enjoyed by such organization within  
331 this state, except as hereinafter provided.

332                   (viii) For tax years beginning on or after January  
333 1, 2023, but before January 1, 2024, Seventy-five Cents (\$0.75)  
334 for each One Thousand Dollars (\$1,000.00), or fraction thereof, of  
335 the value of the capital used, invested or employed in the  
336 exercise of any power, privilege or right enjoyed by such  
337 organization within this state, except as hereinafter provided.

338                   (ix) For tax years beginning on or after January  
339 1, 2024, but before January 1, 2025, Fifty Cents (\$0.50) for each  
340 One Thousand Dollars (\$1,000.00), or fraction thereof, of the  
341 value of the capital used, invested or employed in the exercise of  
342 any power, privilege or right enjoyed by such organization within  
343 this state, except as hereinafter provided.



344           (b) In no case shall the franchise tax due for the  
345 accounting period be less than Twenty-five Dollars (\$25.00).

346           (c) It is the purpose of this section to require the  
347 payment of a tax by all organizations not organized under the laws  
348 of this state, measured by the amount of capital or its  
349 equivalent, for which such organization receives the benefit and  
350 protection of the government and laws of the state.

351           (2) **Annual report of foreign corporations.** Each foreign  
352 corporation authorized to transact business in this state shall  
353 file an annual report as required by the provisions of Section  
354 79-4-16.22.

355           (3) A corporation that has negotiated a fee-in-lieu as  
356 defined in Section 57-75-5 shall not be subject to the tax levied  
357 by this section on such project; provided, however, that the  
358 fee-in-lieu payment shall be otherwise treated in the same manner  
359 as the payment of franchise taxes.

360           (4) An approved business enterprise as defined in the Growth  
361 and Prosperity Act shall not be subject to the tax levied by this  
362 section on the value of capital used, invested or employed by the  
363 approved business enterprise in a growth and prosperity county or  
364 supervisors district as provided in the Growth and Prosperity Act.

365           (5) A business enterprise operating a project as defined in  
366 Section 57-64-33, in a county that is a member of a regional  
367 economic development alliance created under the Regional Economic  
368 Development Act shall not be subject to the tax levied by this



369 section on the value of capital used, invested or employed by the  
370 business enterprise in such a county as provided in Section  
371 57-64-33.

372 (6) The tax levied by this chapter and paid by a business  
373 enterprise located in a redevelopment project area under Sections  
374 57-91-1 through 57-91-11 shall be deposited into the Redevelopment  
375 Project Incentive Fund created in Section 57-91-9.

376 (7) A business enterprise as defined in Section 57-113-1  
377 that is exempt from certain state taxes under Section 57-113-5  
378 shall not be subject to the tax levied by this section on the  
379 value of capital used, invested or employed by the business  
380 enterprise.

381 **SECTION 5.** Sections 27-13-1, 27-13-3, 27-13-5, 27-13-7,  
382 27-13-8, 27-13-9, 27-13-11, 27-13-13, 27-13-15, 27-13-17,  
383 27-13-19, 27-13-21, 27-13-23, 27-13-25, 27-13-27, 27-13-29,  
384 27-13-31, 27-13-33, 27-13-35, 27-13-37, 27-13-39, 27-13-41,  
385 27-13-47, 27-13-49, 27-13-51, 27-13-53, 27-13-55, 27-13-57,  
386 27-13-59, 27-13-61, 27-13-63, 27-13-65 and 27-13-67, Mississippi  
387 Code of 1972, which are the corporation franchise tax law, are  
388 repealed from and after January 1, 2025.

389 **SECTION 6.** This act shall be known and may be cited as the  
390 "Taxpayer Pay Raise Act of 2016."

391 **SECTION 7.** Nothing in this act shall affect or defeat any  
392 claim, assessment, appeal, suit, right or cause of action for  
393 taxes due or accrued under the income tax law or corporation





394 franchise tax law before the date on which this act becomes  
395 effective, whether such claims, assessments, appeals, suits or  
396 actions have been begun before the date on which this act becomes  
397 effective or are begun thereafter; and the provisions of the  
398 income tax laws and corporation franchise tax laws are expressly  
399 continued in full force, effect and operation for the purpose of  
400 the assessment, collection and enrollment of liens for any taxes  
401 due or accrued and the execution of any warrant under such laws  
402 before the date on which this act becomes effective, and for the  
403 imposition of any penalties, forfeitures or claims for failure to  
404 comply with such laws.

405         **SECTION 8.** This act shall take effect and be in force from  
406 and after January 1, 2016.

