

By: Senator(s) Fillingane, Longwitz, Clarke, Burton, Ward, Wiggins, Moran, Hudson, Parks, Chassaniol, Harkins, Polk To: Finance

SENATE BILL NO. 2839

1 AN ACT TO CREATE THE TAXPAYER PAY RAISE ACT OF 2015; TO AMEND
2 SECTION 27-7-5, MISSISSIPPI CODE OF 1972, TO PHASE OUT, EFFECTIVE
3 CALENDAR YEAR 2019, INCOME TAXATION ON THE FIRST \$5,000.00 OF
4 TAXABLE INCOME; TO AMEND SECTION 27-7-18, MISSISSIPPI CODE OF
5 1972, TO PROVIDE THAT A PORTION OF THE FEDERAL SELF-EMPLOYMENT
6 TAXES ASSESSED AGAINST SELF-EMPLOYED INDIVIDUALS SHALL BE ALLOWED
7 AS AN ADJUSTMENT TO GROSS INCOME UNDER THE STATE INCOME TAX LAW;
8 TO AMEND SECTIONS 27-13-5 AND 27-13-7, MISSISSIPPI CODE OF 1972,
9 TO PHASE OUT THE CORPORATION FRANCHISE TAX EFFECTIVE JANUARY 1,
10 2024; TO REPEAL, EFFECTIVE JANUARY 1, 2024, SECTIONS 27-13-1
11 THROUGH 27-13-67, MISSISSIPPI CODE OF 1972, WHICH ARE THE
12 CORPORATION FRANCHISE TAX LAW; AND FOR RELATED PURPOSES.

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

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

16 27-7-5. (1) There is hereby assessed and levied, to be
17 collected and paid as hereinafter provided, for the calendar year
18 1983 and fiscal years ending during the calendar year 1983 and all
19 taxable years thereafter, upon the entire net income of every
20 resident individual, corporation, association, trust or estate, in
21 excess of the credits provided, a tax at the following rates:

22 (a) (i) For calendar year 2014 and fiscal years ending
23 during calendar year 2014, on the first Five Thousand Dollars



24 (\$5,000.00) of taxable income, or any part thereof, \* \* \* the  
25 rate \* \* \* shall be three percent (3%);

26 (ii) For calendar year 2015 and fiscal years  
27 ending during calendar year 2015, on the first One Thousand  
28 Dollars (\$1,000.00) of taxable income there shall be no tax  
29 levied, and on the next Four Thousand Dollars (\$4,000.00) of  
30 taxable income, or any part thereof, the rate shall be three  
31 percent (3%);

32 (iii) For calendar year 2016 and fiscal years  
33 ending during calendar year 2016, on the first Two Thousand  
34 Dollars (\$2,000.00) of taxable income there shall be no tax  
35 levied, and on the next Three Thousand Dollars (\$3,000.00) of  
36 taxable income, or any part thereof, the rate shall be three  
37 percent (3%);

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

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



49                   (vi) For calendar year 2019 and fiscal years  
50 ending during calendar year 2019 and all taxable years thereafter,  
51 there shall be no tax levied on the first Five Thousand Dollars  
52 (\$5,000.00) of taxable income;

53                   (b) On \* \* \* taxable income in excess of Five Thousand  
54 Dollars (\$5,000.00) up to and including Ten Thousand Dollars  
55 (\$10,000.00), or any part thereof, at the rate of four percent  
56 (4%); and

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

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

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

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



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

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

78           (c) Applying to the tax computed under paragraph (a)  
79 the ratio which the number of months falling within the earlier  
80 calendar year bears to the total number of months in the fiscal  
81 year; and

82           (d) Applying to the tax computed under paragraph (b)  
83 the ratio which the number of months falling within the later  
84 calendar year bears to the total number of months within the  
85 fiscal year; and

86           (e) Adding to the tax determined under paragraph (c)  
87 the tax determined under paragraph (d) the sum of which shall be  
88 the amount of tax due for the fiscal year.

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

91           27-7-18. (1) Alimony payments. In the case of a person  
92 described in Section 27-7-15(2) (e), there shall be allowed as a  
93 deduction from gross income amounts paid as periodic payments to  
94 the extent of such amounts as are includible in the gross income  
95 of the spouse as provided in Section 27-7-15(2) (e), payment of  
96 which is made within the person's taxable year.



97           (2) Unreimbursed moving expenses incurred after December 31,  
98 1994, are deductible as an adjustment to gross income in  
99 accordance with provisions of the United States Internal Revenue  
100 Code, and rules, regulations and revenue procedures thereunder  
101 relating to moving expenses, not in direct conflict with the  
102 provisions of the Mississippi Income Tax Law.

103           (3) Amounts paid after December 31, 1998, by a self-employed  
104 individual for insurance which constitute medical care for the  
105 taxpayer, his spouse and dependents, are deductible as an  
106 adjustment to gross income in accordance with provisions of the  
107 United States Internal Revenue Code, and rules, regulations and  
108 revenue procedures thereunder relating to such payments, not in  
109 direct conflict with the provisions of the Mississippi Income Tax  
110 Law.

111           (4) Contributions or payments to a Mississippi Affordable  
112 College Savings (MACS) Program account are deductible from gross  
113 income as provided in Section 37-155-113. Payments made under a  
114 prepaid tuition contract entered into under the Mississippi  
115 Prepaid Affordable College Tuition Program are deductible as  
116 provided in Section 37-155-17.

117           (5) (a) Unreimbursed travel expenses, lodging expenses and  
118 lost wages an individual incurred as a result of, and related to,  
119 the donation, while living, of one or more of his or her organs  
120 for human organ transplantation, are deductible from gross income.  
121 The deduction from gross income authorized by this subsection may



122 be claimed for only once and may not exceed Ten Thousand Dollars  
123 (\$10,000.00).

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

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

128 (a) Seventeen percent (17%) of the federal  
129 self-employment taxes imposed on such individual for taxable years  
130 ending in calendar year 2015;

131 (b) Thirty-four percent (34%) of the federal  
132 self-employment taxes imposed on such individual for taxable years  
133 ending in calendar year 2016; and

134 (c) Fifty percent (50%) of the federal self-employment  
135 taxes imposed on such individual for taxable years ending in  
136 calendar year 2017 and thereafter.

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

139 27-13-5. (1) **Franchise tax levy.** (a) Except as otherwise  
140 provided in subsections (3), (4), (5) and (7) of this section,  
141 there is hereby imposed, to be paid and collected as hereinafter  
142 provided, a franchise or excise tax upon every corporation,  
143 association or joint-stock company or partnership treated as a  
144 corporation under the income tax laws or regulations, organized or  
145 created for pecuniary gain, having privileges not possessed by  
146 individuals, and having authorized capital stock now existing in



147 this state, or hereafter organized, created or established, under  
148 and by virtue of the laws of the State of Mississippi, equal to:

149 (i) For tax years beginning before January 1,  
150 2016, Two Dollars and Fifty Cents (\$2.50) for each One Thousand  
151 Dollars (\$1,000.00), or fraction thereof, of the value of the  
152 capital used, invested or employed in the exercise of any power,  
153 privilege or right enjoyed by such organization within this state,  
154 except as hereinafter provided.

155 (ii) For tax years beginning on or after January  
156 1, 2016, but before January 1, 2017, Two Dollars and Twenty-five  
157 Cents (\$2.25) for each One Thousand Dollars (\$1,000.00), or  
158 fraction thereof, of the value of the capital used, invested or  
159 employed in the exercise of any power, privilege or right enjoyed  
160 by such organization within this state, except as hereinafter  
161 provided.

162 (iii) For tax years beginning on or after January  
163 1, 2017, but before January 1, 2018, Two Dollars (\$2.00) for each  
164 One Thousand Dollars (\$1,000.00), or fraction thereof, of the  
165 value of the capital used, invested or employed in the exercise of  
166 any power, privilege or right enjoyed by such organization within  
167 this state, except as hereinafter provided.

168 (iv) For tax years beginning on or after January  
169 1, 2018, but before January 1, 2019, One Dollar and Seventy-five  
170 Cents (\$1.75) for each One Thousand Dollars (\$1,000.00), or  
171 fraction thereof, of the value of the capital used, invested or



172 employed in the exercise of any power, privilege or right enjoyed  
173 by such organization within this state, except as hereinafter  
174 provided.

175 (v) For tax years beginning on or after January 1,  
176 2019, but before January 1, 2020, One Dollar and Fifty Cents  
177 (\$1.50) for each One Thousand Dollars (\$1,000.00), or fraction  
178 thereof, of the value of the capital used, invested or employed in  
179 the exercise of any power, privilege or right enjoyed by such  
180 organization within this state, except as hereinafter provided.

181 (vi) For tax years beginning on or after January  
182 1, 2020, but before January 1, 2021, One Dollar and Twenty-five  
183 Cents (\$1.25) for each One Thousand Dollars (\$1,000.00), or  
184 fraction thereof, of the value of the capital used, invested or  
185 employed in the exercise of any power, privilege or right enjoyed  
186 by such organization within this state, except as hereinafter  
187 provided.

188 (vii) For tax years beginning on or after January  
189 1, 2021, but before January 1, 2022, One Dollar (\$1.00) for each  
190 One Thousand Dollars (\$1,000.00), or fraction thereof, of the  
191 value of the capital used, invested or employed in the exercise of  
192 any power, privilege or right enjoyed by such organization within  
193 this state, except as hereinafter provided.

194 (viii) For tax years beginning on or after January  
195 1, 2022, but before January 1, 2023, Seventy-five Cents (\$0.75)  
196 for each One Thousand Dollars (\$1,000.00), or fraction thereof, of





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

200 (ix) For tax years beginning on or after January  
201 1, 2023, but before January 1, 2024, Fifty Cents (\$0.50) for each  
202 One Thousand Dollars (\$1,000.00), or fraction thereof, of the  
203 value of the capital used, invested or employed in the exercise of  
204 any power, privilege or right enjoyed by such organization within  
205 this state, except as hereinafter provided.

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

208 (c) It is the purpose of this section to require the  
209 payment to the State of Mississippi of this tax for the right  
210 granted by the laws of this state to exist as such organization,  
211 and to enjoy, under the protection of the laws of this state, the  
212 powers, rights, privileges and immunities derived from the state  
213 by the form of such existence.

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

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



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

227 (5) A business enterprise operating a project as defined in  
228 Section 57-64-33, in a county that is a member of a regional  
229 economic development alliance created under the Regional Economic  
230 Development Act shall not be subject to the tax levied by this  
231 section on the value of capital used, invested or employed by the  
232 business enterprise in such a county as provided in Section  
233 57-64-33.

234 (6) The tax levied by this chapter and paid by a business  
235 enterprise located in a redevelopment project area under Sections  
236 57-91-1 through 57-91-11 shall be deposited into the Redevelopment  
237 Project Incentive Fund created in Section 57-91-9.

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

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

245 27-13-7. (1) **Franchise tax levy.** (a) Except as otherwise  
246 provided in subsections (3), (4), (5) and (7) of this section,



247 there is hereby imposed, levied and assessed upon every  
248 corporation, association or joint-stock company, or partnership  
249 treated as a corporation under the income tax laws or regulations  
250 as hereinbefore defined, organized and existing under and by  
251 virtue of the laws of some other state, territory or country, or  
252 organized and existing without any specific statutory authority,  
253 now or hereafter doing business or exercising any power, privilege  
254 or right within this state, as hereinbefore defined, a franchise  
255 or excise tax equal to:

256 (i) For tax years beginning before January 1,  
257 2016, Two Dollars and Fifty Cents (\$2.50) of each One Thousand  
258 Dollars (\$1,000.00), or fraction thereof, of the value of capital  
259 used, invested or employed within this state, except as  
260 hereinafter provided.

261 (ii) For tax years beginning on or after January  
262 1, 2016, but before January 1, 2017, Two Dollars and Twenty-five  
263 Cents (\$2.25) for each One Thousand Dollars (\$1,000.00), or  
264 fraction thereof, of the value of the capital used, invested or  
265 employed in the exercise of any power, privilege or right enjoyed  
266 by such organization within this state, except as hereinafter  
267 provided.

268 (iii) For tax years beginning on or after January  
269 1, 2017, but before January 1, 2018, Two Dollars (\$2.00) for each  
270 One Thousand Dollars (\$1,000.00), or fraction thereof, of the  
271 value of the capital used, invested or employed in the exercise of



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

274 (iv) For tax years beginning on or after January  
275 1, 2018, but before January 1, 2019, One Dollar and Seventy-five  
276 Cents (\$1.75) for each One Thousand Dollars (\$1,000.00), or  
277 fraction thereof, of the value of the capital used, invested or  
278 employed in the exercise of any power, privilege or right enjoyed  
279 by such organization within this state, except as hereinafter  
280 provided.

281 (v) For tax years beginning on or after January 1,  
282 2019, but before January 1, 2020, One Dollar and Fifty Cents  
283 (\$1.50) for each One Thousand Dollars (\$1,000.00), or fraction  
284 thereof, of the value of the capital used, invested or employed in  
285 the exercise of any power, privilege or right enjoyed by such  
286 organization within this state, except as hereinafter provided.

287 (vi) For tax years beginning on or after January  
288 1, 2020, but before January 1, 2021, One Dollar and Twenty-five  
289 Cents (\$1.25) for each One Thousand Dollars (\$1,000.00), or  
290 fraction thereof, of the value of the capital used, invested or  
291 employed in the exercise of any power, privilege or right enjoyed  
292 by such organization within this state, except as hereinafter  
293 provided.

294 (vii) For tax years beginning on or after January  
295 1, 2021, but before January 1, 2022, One Dollar (\$1.00) for each  
296 One Thousand Dollars (\$1,000.00), or fraction thereof, of the



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

300 (viii) For tax years beginning on or after January  
301 1, 2022, but before January 1, 2023, Seventy-five Cents (\$0.75)  
302 for each One Thousand Dollars (\$1,000.00), or fraction thereof, of  
303 the value of the capital used, invested or employed in the  
304 exercise of any power, privilege or right enjoyed by such  
305 organization within this state, except as hereinafter provided.

306 (ix) For tax years beginning on or after January  
307 1, 2023, but before January 1, 2024, Fifty Cents (\$0.50) for each  
308 One Thousand Dollars (\$1,000.00), or fraction thereof, of the  
309 value of the capital used, invested or employed in the exercise of  
310 any power, privilege or right enjoyed by such organization within  
311 this state, except as hereinafter provided.

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

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

319 (2) **Annual report of foreign corporations.** Each foreign  
320 corporation authorized to transact business in this state shall



321 file an annual report as required by the provisions of Section  
322 79-4-16.22.

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

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

333 (5) A business enterprise operating a project as defined in  
334 Section 57-64-33, in a county that is a member of a regional  
335 economic development alliance created under the Regional Economic  
336 Development Act shall not be subject to the tax levied by this  
337 section on the value of capital used, invested or employed by the  
338 business enterprise in such a county as provided in Section  
339 57-64-33.

340 (6) The tax levied by this chapter and paid by a business  
341 enterprise located in a redevelopment project area under Sections  
342 57-91-1 through 57-91-11 shall be deposited into the Redevelopment  
343 Project Incentive Fund created in Section 57-91-9.

344 (7) A business enterprise as defined in Section 57-113-1  
345 that is exempt from certain state taxes under Section 57-113-5



346 shall not be subject to the tax levied by this section on the  
347 value of capital used, invested or employed by the business  
348 enterprise.

349         **SECTION 5.** Sections 27-13-1, 27-13-3, 27-13-5, 27-13-7,  
350 27-13-8, 27-13-9, 27-13-11, 27-13-13, 27-13-15, 27-13-17,  
351 27-13-19, 27-13-21, 27-13-23, 27-13-25, 27-13-27, 27-13-29,  
352 27-13-31, 27-13-33, 27-13-35, 27-13-37, 27-13-39, 27-13-41,  
353 27-13-47, 27-13-49, 27-13-51, 27-13-53, 27-13-55, 27-13-57,  
354 27-13-59, 27-13-61, 27-13-63, 27-13-65 and 27-13-67, Mississippi  
355 Code of 1972, which are the corporation franchise tax law, are  
356 repealed from and after January 1, 2024.

357         **SECTION 6.** This act shall be known and may be cited as the  
358 "Taxpayer Pay Raise Act of 2015."

359         **SECTION 7.** Nothing in this act shall affect or defeat any  
360 claim, assessment, appeal, suit, right or cause of action for  
361 taxes due or accrued under the income tax law or corporation  
362 franchise tax law before the date on which this act becomes  
363 effective, whether such claims, assessments, appeals, suits or  
364 actions have been begun before the date on which this act becomes  
365 effective or are begun thereafter; and the provisions of the  
366 income tax laws and corporation franchise tax laws are expressly  
367 continued in full force, effect and operation for the purpose of  
368 the assessment, collection and enrollment of liens for any taxes  
369 due or accrued and the execution of any warrant under such laws  
370 before the date on which this act becomes effective, and for the



371 imposition of any penalties, forfeitures or claims for failure to  
372 comply with such laws.

373           **SECTION 8.** This act shall take effect and be in force from  
374 and after January 1, 2015.

