Summary of HB1439 (As Passed the House)

Section 1 – Income Tax

- Raises the personal exemption.
  - For single individuals from $6,000 to $47,700 after 2021
  - For married individuals from $12,000 to $95,400 after 2021
  - Head of family from $9,500 to $46,600 after 2020
- Requires the Commissioner of Revenue to calculate the reduction in revenue each year.
- Requires the Legislative Budget Office to general fund revenue and an inflation factor (CPI-U) for a tax reduction inflation amount.

Sections 2-10 – Sales Tax

- **Raises the general rate from 7 to 9.5 percent.**
  - Sales to consumers of electricity, potable water, natural gas, LP gas or other fuel
  - On services for
    - Intrastate, interstate, and international telecommunication services
    - For products delivered electronically – software, music, games, reading materials.
    - Includes installation of telecommunications equipment, internet service, radio, television, and video services, including audio or video calls, voice mail, mobile phones, prepaid calling services.
    - Amusements, sales of admission to events
    - Services such A/C repair, automobile repair or service, fire alarms, computer software, cotton compresses, custom meat processing, electrical work, foundries, grading & excavating, insulating services, office or business machine repair, plumbing & pipefitting, refrigeration, welding.
    - Services such as renting any property the sale of which is taxed at 7 percent.
    - Rental of transportation equipment
    - Sales of alcoholic beverages
    - Sales, rental or leasing of digital products to an end user.

- **Raises the rate from 1.5 to 4 percent on**
  - Farm tractors, parts and labor used to maintain and repair.
  - Farm implements, parts and labor used. *This is the section that contains the 1.5 percent reduced rate for poultry house parts.*
  - Equipment used in logging, pulpwood tree farming.
  - Manufacturing machinery or parts sold to a manufacturer.
  - Sales of machinery or parts to a technology-intensive enterprise
▪ Sales of machinery, parts, and equipment (27-65-20 & 9-59-?)
▪ Sales of manufacturing or processing machinery for a manufacturer in lieu of the 3.5 percent contractors’ tax

  o **Raises the rate from 1 to 3.5 percent.**
    ▪ Services performed for an electric power association.

  o **Raises from 3 to 5.5 percent.**
    ▪ Services performed for railroads.

  o **Leaves unchanged at 0 percent – no tax.**
    ▪ Sales of electricity, natural gas etc. to churches

  o **Leaves unchanged at 1.5 percent.**
    ▪ Sales of naturally occurring carbon dioxide for enhanced oil recovery.
    ▪ Sales of fuel for automobiles, trucks, truck tractors, buses, farm tractors or airplanes

  o **Raises the rate from 5 to 7.5 percent.**
    ▪ Sales other than at wholesale within this state any motor vehicle required to be registered or licensed with the tax collector

  o **Raises from 3 to 5.5 percent.**
    ▪ Sales of materials for use in track and track structures to a railroad.
    ▪ Sales of aircraft, automobiles, trucks, truck-tractors, semi-trailers and manufactured or mobile homes

  o **Raises from 1 to 3.5 percent.**
    ▪ Sales to an electric power association
    ▪ Sales of wheelchairs, and lifts to the disabled

  o **Raises from 3.5 to 6 percent**
    ▪ Sales of materials to repair or expand dairy barns.

  o **Leaves unchanged the contractors’ tax at 3.5 percent for construction projects greater than $10,000.**

  o **Leaves unchanged at 7 percent.**
    ▪ Wholesale sales of beer.

  o **Leaves unchanged at 8 percent.**
▪ The wholesale sales of food and drink for human consumption to vending machines.

Retail sales of food not purchased with food stamps.
▪ From July 1, 2020 to June 30-2024 decrease from 7 to 4.5 percent
▪ From July 1, 2024 to June 30, 2026, taxed at 4 percent.
▪ From July 1, 2026 taxed at the rate of 3.5 percent.

Sections 11-12
▪ Changes the sales tax diversion to cities, community colleges and universities for tax collected within their borders and the Capitol Complex Improvement District Project Fund. Changes the Grocery Tax
▪ Diverts certain sales tax collections to the newly created Budget Stabilization Fund
▪ Floor amendment added provisions dealing with diversions for the Education Enhancement Fund and the School Ad Valorem Tax Reduction Fund left out earlier.

Section 13
▪ Clarifies that special 1-cent sales taxes imposed by any municipality are subject to items taxed at 9.5 percent.

Section 14
▪ Increases taxes of tobacco and includes vaporized nicotine, electronic cigarettes.

Section 15
▪ Raises the rate on cigarettes from 3.4 cents per cigarette to 5.9 cents.
▪ Increases taxes on cigars from 15 to 25 percent.

Section 16
▪ Directs tobacco taxes to be deposited into the Budget Stabilization Fund

Section 17
▪ Creates the Budget Stabilization Fund

Section 18
▪ Increases the sales tax on manufacturing or processing machinery to be installed and/or used at a refinery from 1.5 to 4 percent. Added as a floor amendment.

Section 19
▪ Raises the tobacco equity tax on cigarettes from . $0.0135 to 3.09 cents
Section 20

- Leaves corporations or association as subject to the income tax and removes individuals, partnerships, trusts or estates from the income tax.

Sections 21-60

**Brings forward for possible amendment the following code sections:**

**Income Tax & Withholding Code Sections**

- Section 27-7-3 Definitions
- § 27-7-27. Estates and trusts.
- § 27-7-22.5. Income tax credit for manufacturers, distributors and wholesale or retail merchants for ad valorem taxes paid on commodities, raw materials, works-in-process, goods, wares, and merchandise held for resale; income tax credit for individual, firm or corporation for ad valorem taxes on rental equipment.
- § 27-7-22.15. Income tax credit for approved reforestation practices.
- § 27-7-22.21. Income tax credit for donations of land or interest in land considered priority site for conservation under Mississippi Natural Heritage Program or adjacent to and along a stream fully nominated to Mississippi Scenic Streams Stewardship Program.
- § 27-7-22.22. Income tax credit for use of taxpayer’s land as natural area preserve, wildlife refuge, etc. or for public outdoor recreational opportunities.
- § 27-7-22.31. Income tax credit for certain costs and expenses in rehabilitating eligible property certified as a historic structure or structure in a certified historic district; recapture of credit; applicability of section.
- § 27-7-22.32. Income tax credit for certain qualified adoption expenses.
- § 27-7-22.33. Income tax credit for certain long-term care insurance policy premiums; limitations.
- § 27-7-22.37. Income tax credit for qualified prekindergarten program support contributions.
- § 27-7-22.39. Income tax credit for voluntary cash contributions to qualifying charitable organizations; separate income tax credit for voluntary cash contributions to qualifying foster care charitable organizations [Repealed effective January 1, 2025].
- § 27-7-22.41. Tax credit for certain business enterprises making voluntary cash contributions to eligible charitable organizations.
- § 27-7-207. Credit against tax imposed by this chapter equal to 25% of qualified contribution to endowed fund at qualified community foundation subject to certain requirements.
- § 27-7-312. Certain withholding tax revenue to be deposited in Mississippi Advantage Jobs Incentive Payment Fund.
Miss. Advantage Jobs Act

• § 57-62-5. Definitions [Repealed effective July 1, 2023].
• § 57-62-9. Incentive payments; qualifications; extension of time for receipt of incentive payments and waiver of job maintenance and creation requirements under certain circumstances [Repealed effective July 1, 2023].
• § 57-62-11. Mississippi Advantage Jobs Incentive Payment Fund; creation; purpose; administration.
• § 57-62-13. Qualified business or industry to file claim for incentive payment; qualifications and requirements for receiving incentive payments.

Motion Picture Incentive Act

• § 57-89-3. Definitions.
• § 57-89-7. Availability of certain rebates to motion picture production companies in connection with production of motion pictures; request for rebate.

Mississippi Major Economic Impact Withholding Rebate Incentive Program

• § 57-99-1. Definitions.
• § 57-99-3. Quarterly incentive payments to qualified companies and their affiliates; duration of payments; application; job requirements; notification of Department of Revenue.
• § 57-99-5. Creation of MMEIA Withholding Rebate Fund, purpose.
• § 57-99-7. Filing of claim for incentive payments; payments dependent on verification of number of qualified jobs created and maintained.
• § 57-99-23. Quarterly incentive payments to qualified enterprises; duration of payments; application; job requirements; notification of State Tax Commission.
• § 57-99-25. Creation of MMEIA Rebate Fund; purpose.
• § 57-99-27. Filing of incentive payment claims; payments dependent on verification of number of qualified jobs created and maintained.

Strengthening Mississippi Academic Research Through Business Act

• § 37-148-5. Eligibility for rebate for qualified research costs; application; claiming rebate; audit.

Qualified Equity Investment Tax Credits and Public Entity Financing Arrangements

• Section 57-105-1 § 57-105-1. Income tax and insurance premium tax credits for taxpayers holding certain qualified equity investments; creation of public benefit corporations for financing arrangements regarding public property and facilities.
Oil Severed or Produced in State.

- § 27-25-503. Privilege tax levied; exemptions [Paragraph (1)(c) repealed effective July 1, 2023].
- § 27-25-505. Distribution of tax.
- § 27-25-703. Privilege tax levied; exemptions [Paragraph (1)(b) repealed effective July 1, 2023].

Sales Tax Exemptions

  - This is the section that exempts electricity, propane, natural gas for farms and plants from sales.
- § 27-65-103. Exemptions; agricultural.
- § 27-65-111. Exemptions; others.

Section 61

- Title of the Bill – Miss. Tax Freedom Act of 2021

Section 62

- Teacher pay raise

Section 63

- Assistant teacher pay raise

Section 64

- Effective date of July 1, 2021

Produced by Mississippi Poultry Association