

MISSISSIPPI TAX FREEDOM ACT OF 2021

TAX RELIEF FOR MISSISSIPPI'S HARDWORKING FAMILIES

MISSISSIPPI TAX FREEDOM ACT OF 2021

TAX CUTS

- WHEN FULLY PHASED IN, **\$1.9 BILLION** OF INCOME AND GROCERY TAX RETURNED TO THE POCKETS OF MISSISSIPPIANS
- TAX YEAR **2022**, *FIRST* **\$50,000 (SINGLE)/\$100,000 (MARRIED COUPLE)** TAX FREE – SO **NO INCOME TAX FOR 57%** OF CURRENT TAXPAYERS

MISSISSIPPI TAX FREEDOM ACT OF 2021

TAX CUTS

- IN 5 YEARS, FIRST \$100,000 (SINGLE)/\$200,00 (MARRIED) TAX FREE – SO NO INCOME TAX FOR 83% OF CURRENT TAXPAYERS
- INCOME TAX PROJECTED TO BE COMPLETELY ELIMINATED FOR ALL MISSISSIPPIANS IN 10 YEARS
- GROCERY TAX WILL BE REDUCED FROM 7 CENTS TO 4.5 CENTS IN THE FIRST YEAR OF THE PLAN AND REDUCED TO 3.5 CENTS BY FISCAL YEAR 2027

MISSISSIPPI TAX FREEDOM ACT OF 2021 REVENUE REPLACEMENT

- IDEAL TAX POLICY IS BASED ON CONSUMPTION TAXES (SALES TAXES, USE TAXES). THIS PLAN FOLLOWS THAT MODEL
- GENERAL SALES TAX RATE GOES TO 9.5 CENTS (BUT NOT ON GROCERIES)
- SALES TAX BASE IS BROADER – EVERYONE PAYS
- FAIRER TAX BECAUSE EVERYONE PARTICIPATES, EVEN VISITORS FROM OUT-OF STATE

MISSISSIPPI TAX FREEDOM ACT OF 2021 REVENUE REPLACEMENT

- REMAINING REVENUE REPLACEMENT FROM
 - 2.5 CENT INCREASE IN PREFERENTIAL RATES, SO THEY KEEP PACE WITH GENERAL RATE INCREASE
 - 50-CENT/PACK CIGARETTE TAX
 - 10% INCREASE IN OTHER TOBACCO PRODUCTS TAX AND VAPING TAXED AT SAME RATE

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HOW IT BALANCES-PHASE 1

- TOTAL COST OF ELIMINATING REMAINING INDIVIDUAL INCOME TAX **\$1.735 B**
- PHASE 1 CUTS
 - \$50K SINGLE/\$100K MARRIED **-\$1.149B**
 - INITIAL 2.5 CENT GROCERY TAX CUT **-\$181M**
 - \$-1.33B**
- PHASE 1 REVENUE REPLACEMENT
 - 2.5 CENT SALES TAX INCREASE **\$1.00B**
 - SPECIAL RATES 2.5 CENT INCREASE **\$234M**
 - TOBACCO AND VAPING TAXES **\$98M**
 - \$1.33B**

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HOW IT BALANCES-PHASE 2

- REMAINING COST OF ELIMINATING REMAINING INDIVIDUAL INCOME TAX **-\$590M**
- 1% GENERAL FUND REVENUE GROWTH/YEAR X 10 YRS **\$570M**
- NET TAX CUT AFTER TEN YEARS **-\$20M**
- EACH PHASED-IN INCREASE IN EXEMPTION AMOUNT HAS A GROWTH TRIGGER
- REVENUE GROWTH OVER 1.5% OR INFLATION, WHICHEVER IS LESS, GOES TO ELIMINATION OF THE INDIVIDUAL INCOME TAX

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HOW YOU SAVE-PHASE 2-YEAR 5

(UP TO \$50,000 IN INCOME PER TAXPAYER/\$100,000 PER MARRIED COUPLE, TAX FREE)

INCOME (AGI) OF:	YOU SAVE	HOW MUCH YOU'D HAVE TO SPEND ON ITEMS SUBJECT TO SALES TAX TO EXHAUST SAVINGS
\$50,000	\$2,035	\$81,400
\$40,000	\$1,535	\$61,400
\$30,000	\$1,035	\$41,400
\$20,000	\$535	\$21,400

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HOW YOU SAVE-PHASE 2-YEAR 5

(UP TO \$100,000 IN INCOME PER TAXPAYER/\$200,000 PER MARRIED COUPLE, TAX FREE)

INCOME (AGI) OF:	YOU SAVE	HOW MUCH YOU'D HAVE TO SPEND ON ITEMS SUBJECT TO SALES TAX TO EXHAUST SAVINGS
\$100,000	\$4,535	\$181,400
\$80,000	\$3,535	\$141,400
\$60,000	\$1,035	\$101,400