



MISSISSIPPI DESERVES BETTER

Why eliminating the state income
tax is wrong for Mississippi

Mississippi's working families deserve better

Eliminating individual income tax shifts the tax burden to lower- and middle-income earners. And it worsens inequities within the state.

The state's individual income tax is the only significant tax (compared to the state's sales, excise, and property taxes) in which the state's top 20% pay more in taxes than other income groups.

98% of Mississippi's wealthiest individuals will have the greatest benefit from this tax policy.

Overall, the impact of an individual income tax elimination in Mississippi would result in a tax cut for 71% of the top 20% of income earners in the state. In contrast, only 29% of the bottom 80% of income earners would benefit from the tax cut.

Additionally, the top 1% in the state would see a 3.4% reduction, or an estimated \$31,476 savings, in taxes paid to the state. Meanwhile, the lowest 20% of income earners in the state would see a 0.2% reduction, or an estimated \$24 savings, in taxes paid to the state.

EARN **388K**
or more

SAVE-----\$31,476

EARN **18K**
-30K

SAVE-----\$220

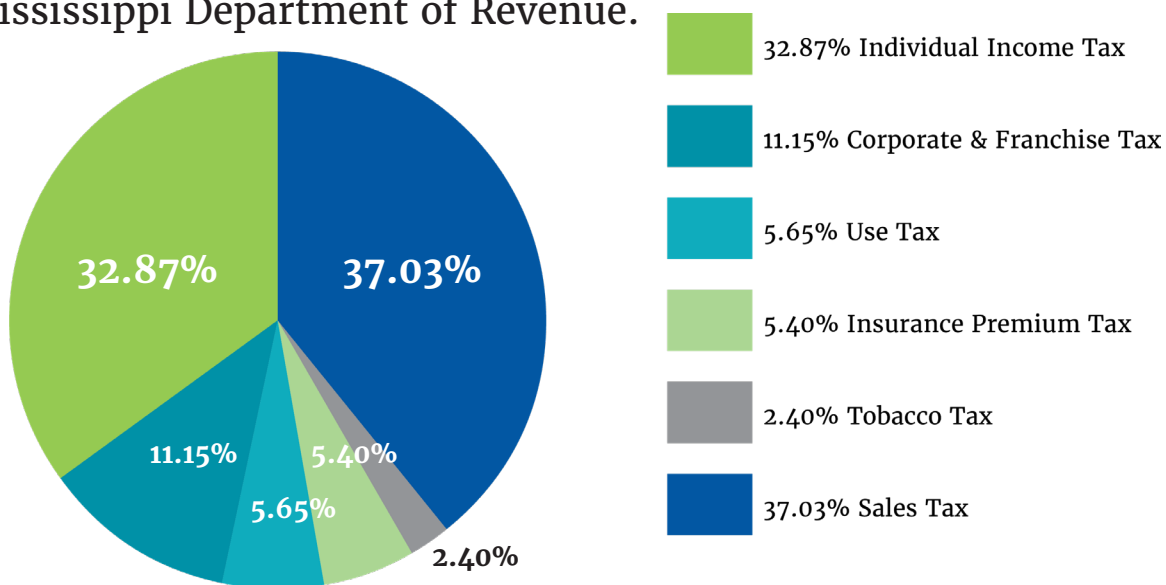
EARN **18K**
or less

SAVE--\$24

Mississippi's schools, health care, and other public services deserve better.

Revenue collected from income taxes pays for important public services like schools, higher education, and health-care. These and other programs are already under strain and will be severely harmed by the loss of these funds.

In FY 2019, the state collected \$1,898,059,305 in individual income taxes. This amounted to the state's second-highest tax revenue source, which is 32.8% of the tax revenue collected by the Mississippi Department of Revenue.



Eliminating the income tax will exacerbate this injustice because it would mean other taxes paid by Mississippi's working families would increase to make up the lost revenue furthering economic hardship for these families.

Mississippi's sales tax rate would have to increase to 7.8% to make up for just one-quarter of lost revenue from income tax elimination.

Mississippi's economy deserves better

Eliminating the income tax won't create the good jobs our communities need. Instead, it will undermine our future by making it harder for the state to invest in what does build a strong economy.



According to the Institute on Taxation and Economic Policy, states without individual income tax experience:

States without individual income tax:

Alaska
Florida
Nevada
South Dakota
Texas
Washington
Wyoming

01 slower economic growth

02 slower growing average income for residents

03 little to no improvement on the economic outcomes of residents despite population growth

04 higher tax burdens on the poor than states with the highest tax rates.

Better policies can help Mississippians. Lawmakers should:

Create a state earned income tax credit

Close corporate tax loopholes and roll back tax cuts for profitable corporations

Raise the minimum wage

Modernize the state's sales tax by broadening it to include more services

Fully fund education