



We are halfway through the 2015 legislative session. The next two important deadlines are Wednesday, February 25th (deadline for reconsideration and passage of appropriations and revenue bills originating in own house) and Tuesday, March 3rd (deadline for committees to report general bills and constitutional amendments originating in other house).

MAR was asked to testify this week in the Senate Finance Committee on the merits of Senate Bill 2839, The Taxpayer Pay Raise Act. Jackson area Relator Carla Palmer Allen, founder of CPA Realty and past President of the Central Mississippi Association of Realtors addressed the 26 member committee on Thursday. The committee will vote on the bill within the next week. The legislation accomplishes three things:

- Eliminates the 3 percent tax bracket levied on individual income,
- Reduces the overall tax burden on small business owners, and
- Removes the investment penalty, or franchise tax, on businesses' property and capital.

Palmer Allen testified that the self-employment tax reduction and elimination of the 3 percent tax bracket would allow more Mississippians to achieve the American dream of home ownership. She said a broad spectrum of Mississippians will benefit from the plan from farmers to child care workers to truck drivers. "For many of our clients, being able to claim this deduction themselves could mean the ability to apply more money towards the down payment or closing costs of a new home," said Palmer Allen, who spoke on behalf of the Mississippi Association of Realtors. "Anything you can do to return tax dollars to the taxpayer is a good thing and can only help real estate activity."

This week, members of the House and Senate turned their focus toward budget matters, with both the Appropriation committees and Ways and Means / Finance committees very active. The Appropriations committees deals with spending the state's money and is charged with designing the Fiscal Year (FY) 2016 State Budget, which begins July 1. The Ways and Means / Finance Committees focuses on sources of state revenue. Early projections suggest the budget for FY2016 will be close to \$6 billion.

Below you will find the status of MAR's 2015 Legislative Priorities still making their way through the legislative process.

Tax equity for Mississippi's Self-Employed - The goal is for Tax equity for Mississippi's Self-Employed by allowing a self-employment tax deduction on the Mississippi State income tax return, similar to the current adjustment allowed on the federal return; and as similarly allowed for corporations on the Mississippi State return for the employer-paid portion of federal Medicare and FICA taxes. The state's self-employed deserve equal tax treatment with corporations in being able to deduct for state income tax purposes one-half of their self-employment tax in figuring one's adjusted gross income, being the employer-equivalent portion

of one's self-employment tax, and also the same as allowed on the federal return for the employer portion of Medicare and Social Security tax payments paid by a corporation. This is a very important job-creating and tax-equity issue and deserves to be passed and these first-line entrepreneurs need to be given the same state tax rights as other businesses.

- **Senate Bill 2839 – Will be voted on in Senate Finance on Tuesday**

Eliminating the Franchise Tax - Eliminating the Franchise Tax will make MS more attractive for businesses to relocate to MS or encourage existing businesses to expand. The franchise tax hits companies in the state for capital or property at a rate of \$2.50 per \$1,000 of capital or property, whichever is greater. The state's franchise tax rate is sixth-highest in the nation and is one of the few without limits on the maximum payment. Mississippi is one of 18 states with a franchise tax. Eliminating the franchise tax could help Mississippi's tax climate for business. The franchise tax is paired with a corporate income tax, making it more onerous. Unlike in New York, Rhode Island and Connecticut, where a company pays only the higher charge of the two taxes, Mississippi whacks companies with both taxes every year.

- **Senate Bill 2839 – Will be voted on in Senate Finance on Tuesday**

Amending the law dealing with the 5% Tax On The Gross Proceeds Or The Gain Realized By An Out Of State Seller To An Instate Buyer – Would require that the withholding of gross proceeds realized by a nonresident seller of real property in Mississippi shall be withheld by the closing agent or seller and paid over to the Department of Revenue.

- **Senate Bill 2589 – Has passed the full Senate and will now be transmitted to the House Ways & Means Committee.**

Creating the Mississippi Main Street Investment Act - An act to create the Mississippi main street investment act; to create the Mississippi main street investment loan fund; to require the Mississippi development authority to establish a program to make loans to municipalities to assist with maintaining and improving the viability of revitalization zones; to require a municipality desiring a loan under this act to submit an application to the Mississippi development authority; to authorize the issuance of state general obligation bonds in the amount of \$5,000,000.00 and provide that the proceeds of such bonds shall be deposited into the Mississippi main street investment loan fund; and for related purposes.

- **House Bill 1618 – House Ways & Means Committee**

Patent Troll Legislation - An act to prohibit bad faith assertions of patent infringement; to provide factors that the court may consider in determining whether a bad faith assertion of patent infringement has been made; to provide for enforcement, remedies and damages. A "patent troll," buys broad patents and uses them to threaten small businesses and individuals, including realtors®, into paying a license fee. Recent instances include NAR members receiving letters for their use of property search applications on their websites and their use of certain scanner copier machines.

- **House Bill 589 – Has passed the full House of Representatives and will now be transmitted to Senate Judiciary A**

Property Insurance Clarity Act – Would require insurers to disclose how much they collect in premiums and how much they pay in claims in each ZIP code. The bill aims to show how much

coastal homeowners are charged to cover against hurricanes, as well as make it clearer what areas private wind insurers are avoiding.

- **House Bill 739 – Has passed the full House of Representatives and will now go to the Senate Insurance Committee**

First-Time Home Buyer Savings Account – MAR supports legislation establishing first-time home buyer savings accounts that can be used for saving funds for the purchase of homes by first-time home buyers. Moneys in the account are required to be used solely for the down payment and closing costs for the purchase of a home by a first-time home buyer. Being unable to come up with a hefty down payment is often a major hurdle for first-time home buyers, particularly young people who are grappling with massive student loan debt. The issue has become a critical concern for members of the real estate community, who have noticed a steady decline in the number of first-time and young home buyers in the market.

- **House Bill 1574 – House Ways & Means Committee**

To revise regulatory laws for commercial and residential builders - The home builder licensing law has to be re-enacted due to the sunset clause in the law. The bill makes the following changes:

- Clean up language throughout the bill such as the leading old dates that are no longer applicable and changing the executive director language from executive secretary.
- Gives the Board the authority to issue citation for working without a certificate of responsibility or a license. It also gives the board the authority to stop work for contractors building without a license. This will help the Board with out of state contractors and con-artist working in Mississippi without a license.
- Changes the commercial fee from \$100 to \$200. It also changes the fee from \$50 to \$100 for an additional license.
- New languages added to clarify the appeal language.
- Changes from \$25 to \$50 to replace a lost or destroyed license.
- Deletes the waiting time for someone to apply for a license.
- Allows the Board to have continuing education for new residential contractors and as a penalty for residential contractors. No more than 2 hours per year is allowed.
- Clarifying language for a person building their own home and an employee working for a licensed builder.
- Clarifies exemption for the 7,500 square foot minimum. Someone must have a residential or commercial license to build a commercial structure that is under 7,500 square feet
 - **House Bill 1233 & Senate Bill 2508 have each passed their respective chambers.**

Legislation to authorize an income tax credit for costs and expenses incurred for the rehabilitation of certain historic structures, to increase the maximum aggregate amount of tax credits that may be awarded. Also, establishes that the aggregate amount of tax credits that may be awarded under this section shall not exceed One Hundred 140 Million Dollars and will extend the date to December 31, 2030 for those eligible to apply for the credit.

- **House Bill 155 – Has passed the full House of Representatives and will now go to Senate Finance Committee**

Authorizes the establishment of catastrophe savings accounts and exempt contributions and distributions from tax. This bill would authorize taxpayers to establish catastrophe savings accounts to pay the amount of insurance policy deductibles and other uninsured portions of risks of loss to the taxpayer's legal residence from a hurricane, flood, windstorm or other catastrophic event.

- **House Bill 1134 – Has passed House Ways & Means Committee and will now go before the full House of Representatives**