

Mississippi's State and Local Government Revenue FY 2009

State and Local Taxes in Mississippi

On October 31, 2011, the U.S. Census Bureau released new state-specific data on State and Local Government Finances.ⁱ Two measures commonly used to compare state and local tax revenue levels include *revenue as a percent of personal income* and *revenue per capita*.ⁱⁱ

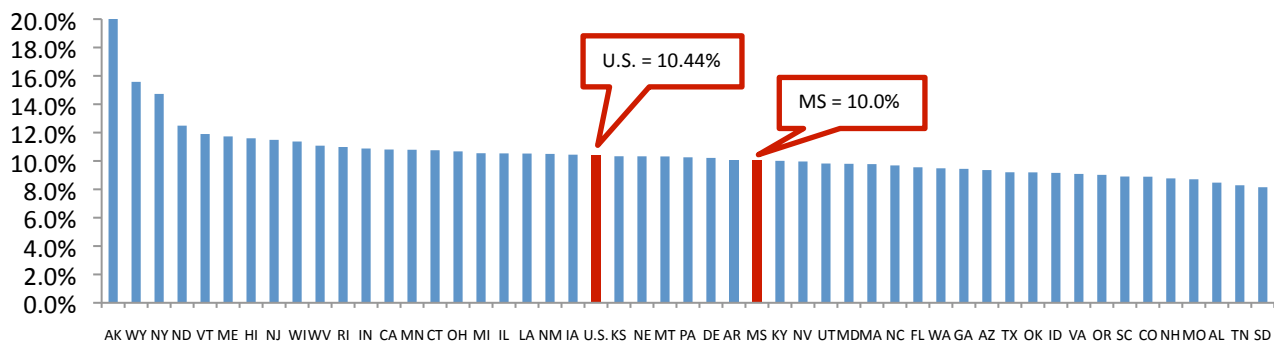
The total amount of state and local taxes paid in Mississippi as a percentage of personal income was 10.0% in FY 2009 (*Figure 1*). This means that Mississippi had lower taxes as a percent of personal income than 27 other states. Additionally, this means that Mississippi's 10.0% level of taxation was 0.44% below the US average of 10.44%. During that same time, the state and local tax revenue per capita in Mississippi was \$3,049 while the US average was \$4,141 (*Figure 2*).

Key Terms:

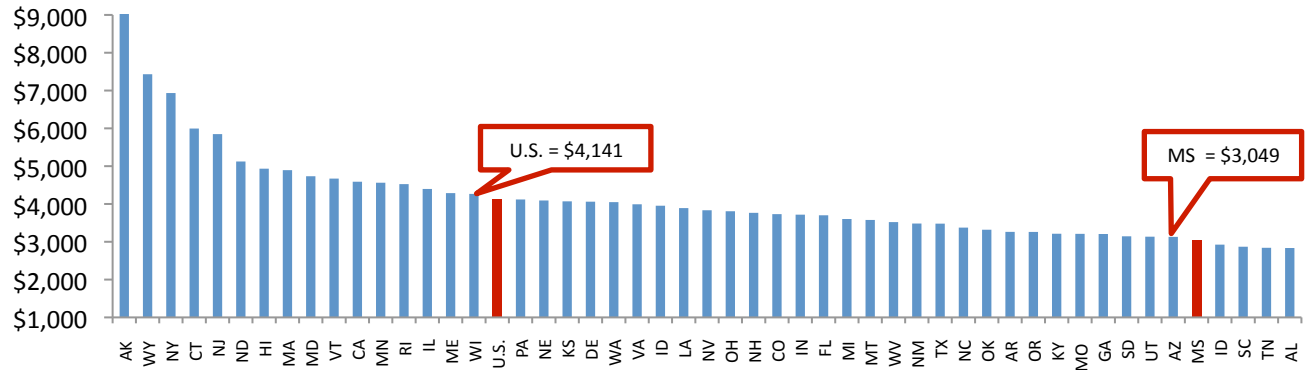
Revenue as a Percent of Personal Income is a measurement of total taxes received as a percentage of the total personal income in each state.

Revenue per capita is a measurement of how much tax the federal or state gets per working person, on average. Per capita means per person.

Figure 1: State and Local Tax Revenue as a Percentage of Total Personal Income FY 2009
(State Taxation Levels from Highest to Lowest)



**Figure 2: State and Local Tax Revenue per Capita FY 2009
(State per Capita Revenue from Highest to Lowest)**



Revenue as a percent of personal income and revenue per capita are just two ways of viewing state revenue. However, the differences between the two measures highlights the regressive nature of Mississippi’s overall tax system.

Making Mississippi’s Tax System More Equitable and Raising State Revenues:

There are several ways to address the state’s tax system to make it more equitable. Two key areas are:

- *Updating tax threshold to not tax people living in poverty; and*
- *Instituting a State Earned Income Tax Credit*

However, in addition to becoming more equitable, the state will need to apply a balanced approach that includes updating the state’s revenue systems in order to maintain the public structures (such as K-12 education, higher education, and workforce development) that provide the foundation for creating jobs and building a strong economy. There are several ways to accomplish this goal such as:

- *Adding a new tax brackets of 6% over 45,000 of taxable income and 7.5% over 100,000;*
- *Expanding the sales tax to include more services; and*
- *Updating the corporate income tax*

Our state needs strong, equitable, fiscal systems to ensure that the necessary funds are available to cover the costs of the services that all Mississippi residents depend on each day.

ⁱ The Census data can be found at: <http://www.census.gov/govs/estimate/>.

ⁱⁱ The calculations are based on the newly available 2008-2009 revenue data and use population data from the Census Bureau and personal income data from the US Commerce Department’s Bureau of Economic Analysis. Revenue as a percentage of personal income is a standard form of measurement in public finance analyses and usually provides a better measure for comparisons across states than measures of spending and revenue per capita.