



# CENTER ON BUDGET AND POLICY PRIORITIES

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## MISSISSIPPI

Most states have structural weaknesses in their tax systems that put them at risk of experiencing gaps between revenues and necessary expenditures in coming years. The Center evaluated each state's likelihood of facing a structural deficit by determining how many of ten "risk factors" applied to each state. Mississippi is rated as having a significant risk of a structural deficit based on its score of seven on the risk scale for structural deficits.



- Mississippi could lose an estimated \$231 to \$362 million in revenue a year due to the growth of e-commerce. This loss is greater than the national average as a share of total revenue.
- Mississippi provides preferences to seniors in its property tax, regardless of their income level.
- The top bracket of Mississippi's income tax starts at a relatively low level making it a less progressive tax. An individual earning \$30,000 in Mississippi pays income tax at the same rate as someone earning \$300,000.
- During 1994-2000, Mississippi reduced its personal income tax. This is problematic since income taxes provide stronger growth over the long term than other types of taxes.
- Mississippi also has a supermajority requirement for all tax increases.
- Mississippi remains linked to the federal phase-out of the estate tax, which eliminates a rapidly growing revenue source and costs the state an estimated \$30 million per year.
- Two other national studies (Hovey 1998 and Boyd 2002) found that Mississippi has a structural gap.
- Lastly, although this paper did not categorize Mississippi as having unusually high spending needs, it does face some spending pressures from: the number of non-elderly disabled people and a growing elderly population.