

By: Representative Moak

To: Ways and Means;
Appropriations

HOUSE BILL NO. 312

1 AN ACT TO ALLOW DEDUCTIONS IN COMPUTING TAXABLE INCOME FOR
2 INCOME TAXES TO INDIVIDUALS COMPLETING HIGH SCHOOL OR COLLEGE, OR
3 BOTH, IN THIS STATE; TO AMEND SECTION 27-7-17, MISSISSIPPI CODE OF
4 1972, IN CONFORMITY TO THE PRECEDING PROVISION; TO BRING FORWARD
5 FOR THE PURPOSES OF AMENDMENT SECTIONS 27-7-5, 27-7-15, 27-7-18,
6 27-7-19, 27-7-21, 27-7-29, 27-51-41, 27-51-101, 27-51-103,
7 27-51-105, 27-51-107, 27-65-3, 27-65-15, 27-65-17, 27-65-19,
8 27-65-20, 27-65-21, 27-65-22, 27-65-23, 27-65-24, 27-65-25,
9 27-65-75, 27-65-101, 27-65-103, 27-65-105, 27-65-107, 27-65-109,
10 27-65-111, 27-65-201, 27-65-231, 27-67-3, 27-67-5 AND 27-67-7,
11 MISSISSIPPI CODE OF 1972, WHICH ARE VARIOUS SECTIONS OF THE INCOME
12 TAX LAWS, AD VALOREM TAX LAWS, SALES TAX LAWS AND USE TAX LAWS;
13 AND FOR RELATED PURPOSES.

14 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MISSISSIPPI:

15 SECTION 1. (1) For any individual, there shall be allowed
16 as deductions in computing taxable income under this chapter, such
17 amounts as follows:

18 (a) One Thousand Dollars (\$1,000.00) for being
19 graduated from an accredited public or private high school in this
20 state;

21 (b) One Thousand Dollars (\$1,000.00) for being
22 graduated from an accredited public or private junior college or
23 community college in this state; and

24 (c) One Thousand Dollars (\$1,000.00) for being
25 graduated from an accredited public or private institution of
26 higher learning in this state, except the deduction under this
27 item (c) shall be Two Thousand Dollars (\$2,000.00) if the
28 deduction under item (b) is inapplicable.

29 (2) The deductions described under subsection (1) of this
30 section shall be allowed to individuals who are graduated during
31 1999 or any year thereafter; however, the deduction for amounts
32 under item (a), (b) or (c) of subsection (1) of this section shall

33 be allowed to an individual only once and for one (1) taxable year
34 only. The deduction or deductions allowed to an individual shall
35 not be allowed for any taxable year:

36 (a) Which is more than three (3) years after such
37 individual is graduated from an accredited public or private high
38 school in this state; or

39 (b) Which is more than three (3) years after such
40 individual ceases to be a full-time student at any accredited
41 public or private institution of higher learning in this state, if
42 within three (3) years after having been graduated from high
43 school, such individual continues his education at an accredited
44 public or private junior college, community college or institution
45 of higher learning in this state.

46 The individual allowed the deduction or deductions under
47 subsection (1) of this section may assign all deductions for which
48 he is entitled to a parent, parents or a legal guardian.

49 An individual shall be deemed to have been graduated from an
50 institution of higher learning, junior college or community
51 college on the date of final completion of all courses, hours or
52 credits required for graduation. Completion of General Education
53 Development (GED) in this state shall be deemed to be graduation
54 from an accredited high school in this state.

55 (3) A nonresident individual shall be allowed the same
56 deductions under this section as are authorized for resident
57 individuals; however, the nonresident individual is entitled only
58 to that proportion of the deductions as his net income from
59 sources within the State of Mississippi bears to his total or
60 entire net income from all sources.

61 SECTION 2. Section 27-7-5, Mississippi Code of 1972, is
62 brought forward as follows:

63 27-7-5. (1) There is hereby assessed and levied, to be
64 collected and paid as hereinafter provided, for the calendar year
65 1983 and fiscal years ending during the calendar year 1983 and all
66 taxable years thereafter, upon the entire net income of every
67 resident individual, corporation, association, trust or estate, in
68 excess of the credits provided, a tax at the following rates:

69 On the first Five Thousand Dollars (\$5,000.00) of taxable
70 income, or any part thereof, at the rate of three percent (3%);

71 On the next Five Thousand Dollars (\$5,000.00) of taxable
72 income, or any part thereof, at the rate of four percent (4%); and

73 On all taxable income in excess of Ten Thousand Dollars
74 (\$10,000.00), at the rate of five percent (5%).

75 (2) An S corporation, as defined in Section 27-8-3(1)(g),
76 shall not be subject to the income tax imposed under this section.

77 (3) A like tax is hereby imposed to be assessed, collected
78 and paid annually, except as hereinafter provided, at the rate
79 specified in this section and as hereinafter provided, upon and
80 with respect to the entire net income, from all property owned or
81 sold, and from every business, trade or occupation carried on in
82 this state by individuals, corporations, partnerships, trusts or
83 estates, not residents of the State of Mississippi.

84 (4) In the case of taxpayers having a fiscal year beginning
85 in the calendar year 1982 and ending after the first day of
86 January 1983, the tax due for that taxable year shall be
87 determined by:

88 (a) Computing for the full fiscal year the amount of
89 tax that would be due under the rates in effect for the calendar
90 year 1982; and

91 (b) Computing for the full fiscal year the amount of
92 tax that would be due under the rates in effect for the calendar
93 year 1983; and

94 (c) Applying to the tax computed under paragraph (a)
95 the ratio which the number of months falling within the earlier
96 calendar year bears to the total number of months in the fiscal
97 year; and

98 (d) Applying to the tax computed under paragraph (b)
99 the ratio which the number of months falling within the later
100 calendar year bears to the total number of months within the
101 fiscal year; and

102 (e) Adding to the tax determined under paragraph (c)
103 the tax determined under paragraph (d) the sum of which shall be
104 the amount of tax due for the fiscal year.

105 SECTION 3. Section 27-7-15, Mississippi Code of 1972, is
106 brought forward as follows:

107 27-7-15. (1) For the purposes of this article, except as
108 otherwise provided, the term "gross income" means and includes the
109 income of a taxpayer derived from salaries, wages, fees or
110 compensation for service, of whatever kind and in whatever form
111 paid, including income from governmental agencies and subdivisions
112 thereof; or from professions, vocations, trades, businesses,
113 commerce or sales, or renting or dealing in property, or
114 reacquired property; also from annuities, interest, rents,
115 dividends, securities, insurance premiums, reinsurance premiums,
116 considerations for supplemental insurance contracts, or the
117 transaction of any business carried on for gain or profit, or
118 gains, or profits, and income derived from any source whatever and
119 in whatever form paid. The amount of all such items of income
120 shall be included in the gross income for the taxable year in
121 which received by the taxpayer. The amount by which an eligible
122 employee's salary is reduced pursuant to a salary reduction
123 agreement authorized under Section 25-17-5 shall be excluded from
124 the term "gross income" within the meaning of this article.

125 (2) In determining gross income for the purpose of this
126 section, the following, under regulations prescribed by the
127 commissioner, shall be applicable:

128 (a) Dealers in property. Federal rules, regulations
129 and revenue procedures shall be followed with respect to
130 installment sales.

131 (b) Casual sales of property. Federal rules,
132 regulations and revenue procedures shall be followed with respect
133 to installment sales.

134 (i) The term "installment sale" means a
135 disposition of property where at least one (1) payment is to be
136 received after the close of the taxable year in which the
137 disposition occurs.

138 (ii) The term "installment method" means a method

139 under which the income recognized for any taxable year from the
140 disposition is that proportion of the payments received in that
141 year which the gross profit (realized or to be realized when
142 payment is completed) bears to the total contract price.

143 (c) Reserves of insurance companies. In the case of
144 insurance companies, any amounts in excess of the legally required
145 reserves shall be included as gross income.

146 (d) Affiliated companies or persons. As regards sales,
147 exchanges or payments for services from one to another of
148 affiliated companies or persons or under other circumstances where
149 the relation between the buyer and seller is such that gross
150 proceeds from the sale or the value of the exchange or the payment
151 for services are not indicative of the true value of the subject
152 matter of the sale, exchange or payment for services, the
153 commissioner shall prescribe uniform and equitable rules for
154 determining the true value of the gross income, gross sales,
155 exchanges or payment for services, or require consolidated returns
156 of affiliates.

157 (e) Alimony and separate maintenance payments. The
158 federal rules, regulations and revenue procedures in determining
159 the deductibility and taxability of alimony payments shall be
160 followed in this state.

161 (f) Reimbursement for expenses of moving. There shall
162 be included in gross income (as compensation for services) any
163 amount received or accrued, directly or indirectly, by an
164 individual as a payment for or reimbursement of expenses of moving
165 from one residence to another residence which is attributable to
166 employment or self-employment.

167 (3) In the case of taxpayers other than residents, gross
168 income includes gross income from sources within this state.

169 (4) The words "gross income" do not include the following
170 items of income which shall be exempt from taxation under this
171 article:

172 (a) The proceeds of life insurance policies and

173 contracts paid upon the death of the insured. However, the income
174 from the proceeds of such policies or contracts shall be included
175 in the gross income.

176 (b) The amount received by the insured as a return of
177 premium or premiums paid by him under life insurance policies,
178 endowment, or annuity contracts, either during the term or at
179 maturity or upon surrender of the contract.

180 (c) The value of property acquired by gift, bequest,
181 devise or descent, but the income from such property shall be
182 included in the gross income.

183 (d) Interest upon the obligations of the United States
184 or its possessions, or securities issued under the provisions of
185 the Federal Farm Loan Act of July 17, 1916, or bonds issued by the
186 War Finance Corporation, or obligations of the State of
187 Mississippi or political subdivisions thereof.

188 (e) The amounts received through accident or health
189 insurance as compensation for personal injuries or sickness, plus
190 the amount of any damages received for such injuries or such
191 sickness or injuries, or through the War Risk Insurance Act, or
192 any law for the benefit or relief of injured or disabled members
193 of the military or naval forces of the United States.

194 (f) Income received by any religious denomination or by
195 any institution or trust for moral or mental improvements,
196 religious, Bible, tract, charitable, benevolent, fraternal,
197 missionary, hospital, infirmary, educational, scientific,
198 literary, library, patriotic, historical or cemetery purposes or
199 for two (2) or more of such purposes, if such income be used
200 exclusively for carrying out one or more of such purposes.

201 (g) Income received by a domestic corporation which is
202 "taxable in another state" as this term is defined in this
203 article, derived from business activity conducted outside this
204 state. Domestic corporations taxable both within and without the
205 state shall determine Mississippi income on the same basis as
206 provided for foreign corporations under the provisions of this

207 article.

208 (h) In case of insurance companies, there shall be
209 excluded from gross income such portion of actual premiums
210 received from an individual policyholder as is paid back or
211 credited to or treated as an abatement of premiums of such
212 policyholder within the taxable year.

213 (i) Income from dividends that has already borne a tax
214 as dividend income under the provisions of this article, when such
215 dividends may be specifically identified in the possession of the
216 recipient.

217 (j) Amounts paid by the United States to a person as
218 added compensation for hazardous duty pay as a member of the Armed
219 Forces of the United States in a combat zone designated by
220 Executive Order of the President of the United States.

221 (k) Amounts received as retirement allowances,
222 pensions, annuities or optional retirement allowances paid under
223 the federal Social Security Act, the Railroad Retirement Act, the
224 Federal Civil Service Retirement Act, or any other retirement
225 system of the United States Government, retirement allowances paid
226 under the Mississippi Public Employees' Retirement System,
227 Mississippi Highway Safety Patrol Retirement System or any other
228 retirement system of the State of Mississippi or any political
229 subdivision thereof. The exemption allowed under this paragraph
230 (k) shall be available to the spouse or other beneficiary at the
231 death of the primary retiree.

232 (l) Amounts received as retirement allowances,
233 pensions, annuities or optional retirement allowances paid by any
234 public or governmental retirement system not designated in
235 subsection (k) or any private retirement system or plan of which
236 the recipient was a member at any time during the period of his
237 employment. Amounts received as a distribution under a Roth
238 individual retirement account shall be treated in the same manner
239 as provided under the Internal Revenue Code of 1986, as amended.

240 The exemption allowed under this paragraph (l) shall be available

241 to the spouse or other beneficiary at the death of the primary
242 retiree.

243 (m) Compensation not to exceed the aggregate sum of
244 Five Thousand Dollars (\$5,000.00) for any taxable year received by
245 a member of the National Guard or Reserve Forces of the United
246 States as payment for inactive duty training, active duty training
247 and state active duty.

248 (n) Compensation received for active service as a
249 member below the grade of commissioned officer and so much of the
250 compensation as does not exceed the aggregate sum of Five Hundred
251 Dollars (\$500.00) per month received for active service as a
252 commissioned officer in the Armed Forces of the United States for
253 any month during any part of which such members of the Armed
254 Forces (i) served in a combat zone as designated by Executive
255 Order of the President of the United States; or (ii) was
256 hospitalized as a result of wounds, disease or injury incurred
257 while serving in such combat zone.

258 (o) The proceeds received from federal and state
259 forestry incentives programs.

260 (p) The amount representing the difference between the
261 increase of gross income derived from sales for export outside the
262 United States as compared to the preceding tax year wherein gross
263 income from export sales was highest, and the net increase in
264 expenses attributable to such increased exports. In the absence
265 of direct accounting the ratio of net profits to total sales may
266 be applied to the increase in export sales. This item (p) shall
267 only apply to businesses located in this state engaging in the
268 international export of Mississippi goods and services. Such
269 goods or services shall have at least fifty percent (50%) of value
270 added at a location in Mississippi.

271 (q) Amounts paid by the federal government for the
272 construction of soil conservation systems as required by a
273 conservation plan adopted pursuant to 16 USCS 3801 et seq.

274 (r) The amount deposited in a medical savings account,

275 and any interest accrued thereon, that is a part of a medical
276 savings account program as specified in the Medical Savings
277 Account Act under Sections 71-9-1 through 71-9-9; provided,
278 however, that any amount withdrawn from such account for purposes
279 other than paying eligible medical expense or to procure health
280 coverage, shall be included in gross income.

281 (s) Amounts paid by the Mississippi Soil and Water
282 Conservation Commission from the Mississippi Soil and Water
283 Cost-Share Program for the installation of water quality best
284 management practices.

285 (5) Prisoners of war, missing in action-taxable status.

286 (a) Members of the Armed Forces. Gross income does not
287 include compensation received for active service as a member of
288 the Armed Forces of the United States for any month during any
289 part of which such member is in a missing status, as defined in
290 paragraph (d) of this subsection, during the Vietnam Conflict as a
291 result of such conflict.

292 (b) Civilian employees. Gross income does not include
293 compensation received for active service as an employee for any
294 month during any part of which such employee is in a missing
295 status during the Vietnam Conflict as a result of such conflict.

296 (c) Period of conflict. For the purpose of this
297 subsection, the Vietnam Conflict began February 28, 1961, and ends
298 on the date designated by the President by Executive Order as the
299 date of the termination of combatant activities in Vietnam. For
300 the purpose of this subsection, an individual is in a missing
301 status as a result of the Vietnam Conflict if immediately before
302 such status began he was performing service in Vietnam or was
303 performing service in Southeast Asia in direct support of military
304 operations in Vietnam. "Southeast Asia" as used in this paragraph
305 is defined to include Cambodia, Laos, Thailand and waters adjacent
306 thereto.

307 (d) "Missing status" means the status of an employee or
308 member of the Armed Forces who is in active service and is

309 officially carried or determined to be absent in a status of (i)
310 missing; (ii) missing in action; (iii) interned in a foreign
311 country; (iv) captured, beleaguered or besieged by a hostile
312 force; or (v) detained in a foreign country against his will; but
313 does not include the status of an employee or member of the Armed
314 Forces for a period during which he is officially determined to be
315 absent from his post of duty without authority.

316 (e) "Active service" means active federal service by an
317 employee or member of the Armed Forces of the United States in an
318 active duty status.

319 (f) "Employee" means one who is a citizen or national
320 of the United States or an alien admitted to the United States for
321 permanent residence and is a resident of the State of Mississippi
322 and is employed in or under a federal executive agency or
323 department of the Armed Forces.

324 (g) "Compensation" means (i) basic pay; (ii) special
325 pay; (iii) incentive pay; (iv) basic allowance for quarters; (v)
326 basic allowance for subsistence; and (vi) station per diem
327 allowances for not more than ninety (90) days.

328 (h) If refund or credit of any overpayment of tax for
329 any taxable year resulting from the application of subsection (5)
330 of this section is prevented by the operation of any law or rule
331 of law, such refund or credit of such overpayment of tax may,
332 nevertheless, be made or allowed if claim therefor is filed with
333 the State Tax Commission within three (3) years after the date of
334 the enactment of this subsection.

335 (i) The provisions of this subsection shall be
336 effective for taxable years ending on or after February 28, 1961.

337 (6) A shareholder of an S corporation, as defined in Section
338 27-8-3(1)(g), shall take into account the income, loss, deduction
339 or credit of the S corporation only to the extent provided in
340 Section 27-8-7(2).

341 SECTION 4. Section 27-7-17, Mississippi Code of 1972, is
342 amended as follows:

343 27-7-17. In computing taxable income, there shall be allowed
344 as deductions:

345 (1) **Business deductions.**

346 (a) Business expenses. All the ordinary and necessary
347 expenses paid or incurred during the taxable year in carrying on
348 any trade or business, including a reasonable allowance for
349 salaries or other compensation for personal services actually
350 rendered; nonreimbursable traveling expenses incident to current
351 employment, including a reasonable amount expended for meals and
352 lodging while away from home in the pursuit of a trade or
353 business; and rentals or other payments required to be made as a
354 condition of the continued use or possession, for purposes of the
355 trade or business of property to which the taxpayer has not taken
356 or is not taking title or in which he had no equity. Expense
357 incurred in connection with earning and distributing nontaxable
358 income is not an allowable deduction. Limitations on
359 entertainment expenses shall conform to the provisions of the
360 Internal Revenue Code of 1986.

361 (b) Interest. All interest paid or accrued during the
362 taxable year on business indebtedness, except interest upon the
363 indebtedness for the purchase of tax-free bonds, or any stocks,
364 the dividends from which are nontaxable under the provisions of
365 this article; provided, however, in the case of securities
366 dealers, interest payments or accruals on loans, the proceeds of
367 which are used to purchase tax-exempt securities, shall be
368 deductible if income from otherwise tax-free securities is
369 reported as income. Investment interest expense shall be limited
370 to investment income. Interest expense incurred for the purchase
371 of treasury stock, to pay dividends, or incurred as a result of an
372 undercapitalized affiliated corporation may not be deducted unless
373 an ordinary and necessary business purpose can be established to
374 the satisfaction of the commissioner. For the purposes of this
375 paragraph, the phrase "interest upon the indebtedness for the
376 purchase of tax-free bonds" applies only to the indebtedness

377 incurred for the purpose of directly purchasing tax-free bonds and
378 does not apply to any other indebtedness incurred in the regular
379 course of the taxpayer's business. Any corporation, association,
380 organization or other entity taxable under Section 27-7-23(c)
381 shall allocate interest expense as provided in Section
382 27-7-23(c)(4)(H).

383 (c) Taxes. Taxes paid or accrued within the taxable
384 year, except state and federal income taxes, excise taxes based on
385 or measured by net income, estate and inheritance taxes, gift
386 taxes, cigar and cigarette taxes, gasoline taxes, and sales and
387 use taxes unless incurred as an item of expense in a trade or
388 business or in the production of taxable income. In the case of
389 an individual, taxes permitted as an itemized deduction under the
390 provisions of subsection (2)(a) of this section are to be claimed
391 thereunder.

392 (d) Business losses.

393 (i) Losses sustained during the taxable year not
394 compensated for by insurance or otherwise, if incurred in trade or
395 business, or nonbusiness transactions entered into for profit.

396 (ii) Limitations on losses from passive activities
397 and rental real estate shall conform to the provisions of the
398 Internal Revenue Code of 1986.

399 (e) Bad debts. Losses from debts ascertained to be
400 worthless and charged off during the taxable year, if sustained in
401 the conduct of the regular trade or business of the taxpayer;
402 provided, that such losses shall be allowed only when the taxpayer
403 has reported as income, on the accrual basis, the amount of such
404 debt or account.

405 (f) Depreciation. A reasonable allowance for
406 exhaustion, wear and tear of property used in the trade or
407 business, or rental property, and depreciation upon buildings
408 based upon their reasonable value as of March 16, 1912, if
409 acquired prior thereto, and upon cost if acquired subsequent to
410 that date.

411 (g) Depletion. In the case of mines, oil and gas
412 wells, other natural deposits and timber, a reasonable allowance
413 for depletion and for depreciation of improvements, based upon
414 cost, including cost of development, not otherwise deducted, or
415 fair market value as of March 16, 1912, if acquired prior to that
416 date, such allowance to be made upon regulations prescribed by the
417 commissioner, with the approval of the Governor.

418 (h) Contributions or gifts. Except as otherwise
419 provided in subsection (2)(a) of this section for individuals,
420 contributions or gifts made by corporations within the taxable
421 year to corporations, organizations, associations or institutions,
422 including Community Chest funds, foundations and trusts created
423 solely and exclusively for religious, charitable, scientific or
424 educational purposes, or for the prevention of cruelty to children
425 or animals, no part of the net earnings of which inure to the
426 benefit of any private stockholder or individual. This deduction
427 shall be allowed in an amount not to exceed twenty percent (20%)
428 of the net income. Such contributions or gifts shall be allowable
429 as deductions only if verified under rules and regulations
430 prescribed by the commissioner, with the approval of the Governor.

431 Contributions made in any form other than cash shall be allowed
432 as a deduction, subject to the limitations herein provided, in an
433 amount equal to the actual market value of the contributions at
434 the time the contribution is actually made and consummated.

435 (i) Reserve funds - insurance companies. In the case
436 of insurance companies the net additions required by law to be
437 made within the taxable year to reserve funds when such reserve
438 funds are maintained for the purpose of liquidating policies at
439 maturity.

440 (j) Annuity income. The sums, other than dividends,
441 paid within the taxpayer year on policy or annuity contracts when
442 such income has been included in gross income.

443 (k) Contributions to employee pension plans.
444 Contributions made by an employer to a plan or a trust forming

445 part of a pension plan, stock bonus plan, disability or
446 death-benefit plan, or profit-sharing plan of such employer for
447 the exclusive benefit of some or all of his, their, or its
448 employees, or their beneficiaries, shall be deductible from his,
449 their, or its income only to the extent that, and for the taxable
450 year in which, the contribution is deductible for federal income
451 tax purposes under the Internal Revenue Code of 1986 and any other
452 provisions of similar purport in the Internal Revenue Laws of the
453 United States, and the rules, regulations, rulings and
454 determinations promulgated thereunder, provided that:

455 (i) The plan or trust be irrevocable.

456 (ii) The plan or trust constitute a part of a
457 pension plan, stock bonus plan, disability or death-benefit plan,
458 or profit-sharing plan for the exclusive benefit of some or all of
459 the employer's employees and/or officers, or their beneficiaries,
460 for the purpose of distributing the corpus and income of the plan
461 or trust to such employees and/or officers, or their
462 beneficiaries.

463 (iii) No part of the corpus or income of the plan
464 or trust can be used for purposes other than for the exclusive
465 benefit of employees and/or officers, or their beneficiaries.

466 Contributions to all plans or to all trusts of real or
467 personal property (or real and personal property combined) or to
468 insured plans created under a retirement plan for which provision
469 has been made under the laws of the United States of America,
470 making such contributions deductible from income for federal
471 income tax purposes, shall be deductible only to the same extent
472 under the Income Tax Laws of the State of Mississippi.

473 (1) Net operating loss carrybacks and carryovers. A
474 net operating loss for any taxable year ending after December 31,
475 1993, and taxable years thereafter, shall be a net operating loss
476 carryback to each of the three (3) taxable years preceding the
477 taxable year of the loss. If the net operating loss for any
478 taxable year is not exhausted by carrybacks to the three (3)

479 taxable years preceding the taxable year of the loss, then there
480 shall be a net operating loss carryover to each of the fifteen
481 (15) taxable years following the taxable year of the loss
482 beginning with any taxable year after December 31, 1991.

483 For any taxable year ending after December 31, 1997, the
484 period for net operating loss carrybacks and net operating loss
485 carryovers shall be the same as those established by the Internal
486 Revenue Code and the rules, regulations, rulings and
487 determinations promulgated thereunder.

488 The term "net operating loss," for the purposes of this
489 paragraph, shall be the excess of the deductions allowed over the
490 gross income; provided, however, the following deductions shall
491 not be allowed in computing same:

492 (i) No net operating loss deduction shall be
493 allowed.

494 (ii) No personal exemption deduction shall be
495 allowed.

496 (iii) Allowable deductions which are not
497 attributable to taxpayer's trade or business shall be allowed only
498 to the extent of the amount of gross income not derived from such
499 trade or business.

500 Any taxpayer entitled to a carryback period as provided by
501 this paragraph may elect to relinquish the entire carryback period
502 with respect to a net operating loss for any taxable year ending
503 after December 31, 1991. The election shall be made in the manner
504 prescribed by the State Tax Commission and shall be made by the
505 due date, including extensions of time, for filing the taxpayer's
506 return for the taxable year of the net operating loss for which
507 the election is to be in effect. The election, once made for any
508 taxable year, shall be irrevocable for that taxable year.

509 (m) Amortization of pollution or environmental control
510 facilities.

511 Allowance of deduction. Every taxpayer, at his election,
512 shall be entitled to a deduction for pollution or environmental

513 control facilities to the same extent as that allowed under the
514 Internal Revenue Code and the rules, regulations, rulings and
515 determinations promulgated thereunder.

516 (n) Dividend distributions - investment trusts.
517 Dividends distributed by an investment trust defined in Section
518 79-15-3, if the dividend distributions meet the requirements of
519 Section 857 or are otherwise deductible under Section 858 or 860,
520 federal Internal Revenue Code of 1986, as amended. The deductions
521 allowed in this paragraph shall be effective for the 1985 taxable
522 year of the investment trust and for each taxable year thereafter.

523 (2) **Individual nonbusiness deductions.**

524 (a) The amount allowable for individual nonbusiness
525 itemized deductions for federal income tax purposes, except the
526 deduction for state income taxes paid, where the individual is
527 eligible to elect, for the taxable year, to itemize deductions on
528 his federal return; or

529 (b) In lieu of the individual nonbusiness itemized
530 deductions authorized in paragraph (a), for all purposes other
531 than ordinary and necessary expenses paid or incurred during the
532 taxable year in carrying on any trade or business, an optional
533 standard deduction of:

534 (i) Three Thousand Four Hundred Dollars
535 (\$3,400.00) through calendar year 1997, Four Thousand Two Hundred
536 Dollars (\$4,200.00) for the calendar year 1998 and Four Thousand
537 Six Hundred Dollars (\$4,600.00) for each calendar year thereafter
538 in the case of married individuals filing a joint or combined
539 return;

540 (ii) One Thousand Seven Hundred Dollars
541 (\$1,700.00) through calendar year 1997, Two Thousand One Hundred
542 Dollars (\$2,100.00) for the calendar year 1998 and Two Thousand
543 Three Hundred Dollars (\$2,300.00) for each calendar year
544 thereafter in the case of married individuals filing separate
545 returns;

546 (iii) Three Thousand Four Hundred Dollars

547 (\$3,400.00) in the case of a head of family; or

548 (iv) Two Thousand Three Hundred Dollars

549 (\$2,300.00) in the case of an individual who is not married.

550 In the case of a husband and wife living together, having
551 separate incomes, and filing combined returns, the standard
552 deduction authorized may be divided in any manner they choose. In
553 the case of separate returns by a husband and wife, the standard
554 deduction shall not be allowed to either if the taxable income of
555 one of the spouses is determined without regard to the standard
556 deduction.

557 (c) A nonresident individual shall be allowed the same
558 individual nonbusiness deductions as are authorized for resident
559 individuals in paragraph (a) or (b) of this subsection; however,
560 the nonresident individual is entitled only to that proportion of
561 the individual nonbusiness deductions as his net income from
562 sources within the State of Mississippi bears to his total or
563 entire net income from all sources.

564 (d) The amount allowable under Section 1 of House Bill
565 No. _____, 1999 Regular Session, for being graduated from an
566 accredited public or private high school, junior college or
567 community college or institution of higher learning in this state.

568 (3) Nothing in this section shall permit the same item to be
569 deducted more than once, either in fact or in effect.

570 SECTION 5. Section 27-7-18, Mississippi Code of 1972, is
571 brought forward as follows:

572 27-7-18. (1) Alimony payments. In the case of a person
573 described in Section 27-7-15(2)(e), there shall be allowed as a
574 deduction from gross income amounts paid as periodic payments to
575 the extent of such amounts as are includible in the gross income
576 of the spouse as provided in Section 27-7-15(2)(e), payment of
577 which is made within the person's taxable year.

578 (2) Unreimbursed moving expenses incurred after December 31,
579 1994, are deductible as an adjustment to gross income in
580 accordance with provisions of the United State Internal Revenue

581 Code, and rules, regulations and revenue procedures thereunder
582 relating to moving expenses, not in direct conflict with the
583 provisions of the Mississippi Income Tax Law.

584 SECTION 6. Section 27-7-19, Mississippi Code of 1972, is
585 brought forward as follows:

586 27-7-19. In computing net income, no deductions shall, in
587 any case, be allowed in respect of:

588 (a) Personal, living or family expenses.

589 (b) Any amount paid out for new buildings or permanent
590 improvements or betterments made to increase the value of any
591 property or estate, except in computing the net income from sale
592 of such property.

593 (c) Any amount expended in restoring property or making
594 good the exhaustion thereof for which an allowance is, or has
595 been, made.

596 (d) Premiums paid on any life insurance policy of an
597 officer or employee or to any persons financially interested in
598 any trade or business carried on by the taxpayer when the taxpayer
599 is directly or indirectly a beneficiary under such policy.

600 (e) The shrinkage value of property by whatever name
601 called.

602 (f) Sums representing interest, rents, salaries or
603 other sums paid under contracts or agreements between husband and
604 wife.

605 (g) Losses sustained or realized from transactions
606 between husband and wife; parent and child; relations by blood or
607 marriage (within the third degree computed according to the rules
608 of the civil law); or individuals who have one (1) common parent;
609 or corporation and individual where the individual owns five
610 percent (5%) or more of the stock of the corporation.

611 SECTION 7. Section 27-7-21, Mississippi Code of 1972, is
612 brought forward as follows:

613 27-7-21. (a) **Allowance of deductions.** In the case of a
614 resident individual, the exemptions provided by this section, as

615 applicable to individuals, shall be allowed as deductions in
616 computing taxable income.

617 (b) **Single individuals.** In the case of a single
618 individual, a personal exemption of Five Thousand Two Hundred
619 Fifty Dollars (\$5,250.00) for the 1979 and 1980 calendar years and
620 Six Thousand Dollars (\$6,000.00) for each calendar year
621 thereafter.

622 (c) **Married individuals.** In the case of married
623 individuals living together, a joint personal exemption of Eight
624 Thousand Dollars (\$8,000.00) for the 1979 and 1980 calendar years
625 and Nine Thousand Five Hundred Dollars (\$9,500.00) for the 1981
626 through 1997 calendar years, Ten Thousand Dollars (\$10,000.00) for
627 the calendar year 1998, Eleven Thousand Dollars (\$11,000.00) for
628 the calendar year 1999, and Twelve Thousand Dollars (\$12,000.00)
629 for each calendar year thereafter. A husband and wife living
630 together shall receive but one (1) personal exemption in the
631 amounts provided for in this subsection for each calendar year
632 against their aggregate income.

633 (d) **Head of family individuals.** In the case of a head
634 of family individual, a personal exemption of Eight Thousand
635 Dollars (\$8,000.00) for the 1979 and 1980 calendar years and Nine
636 Thousand Five Hundred Dollars (\$9,500.00) for each calendar year
637 thereafter. The term "head of family" means an individual who is
638 single, or married but not living with his spouse for the entire
639 taxable year, who maintains a household which constitutes the
640 principal place of abode of himself and one or more individuals
641 who are dependents under the provisions of Section 152(a) of the
642 Internal Revenue Code of 1954, as amended. The head of family
643 individual shall be entitled to the additional dependent exemption
644 as provided in subsection (e) of this section only to the extent
645 of dependents in excess of the one (1) dependent needed to qualify
646 as head of family.

647 (e) **Additional exemption for dependents.** In the case
648 of any individual having a dependent, other than husband or wife,

649 an additional personal exemption of One Thousand Five Hundred
650 Dollars (\$1,500.00) for each such dependent, except as otherwise
651 provided in subsection (d) of this section. The term "dependent"
652 as used in this subsection shall mean any person or individual who
653 qualifies as a dependent under the provisions of Section 152,
654 Internal Revenue Code of 1954, as amended.

655 (f) **Additional exemption for taxpayer or spouse aged**
656 **sixty-five (65) or more.** In the case of any taxpayer or the
657 spouse of the taxpayer who has attained the age of sixty-five (65)
658 before the close of his taxable year, an additional exemption of
659 One Thousand Five Hundred Dollars (\$1,500.00).

660 (g) **Additional exemption for blindness of taxpayer or**
661 **spouse.** In the case of any taxpayer or the spouse of the taxpayer
662 who is blind at the close of the taxable year, an additional
663 exemption of One Thousand Five Hundred Dollars (\$1,500.00). For
664 the purpose of this subsection, an individual is blind only if his
665 central visual acuity does not exceed 20/200 in the better eye
666 with correcting lenses, or if his visual acuity is greater than
667 20/200 but is accompanied by a limitation in the fields of vision
668 such that the widest diameter of the visual field subtends an
669 angle no greater than twenty (20) degrees.

670 (h) **Husband and wife--claiming exemptions.** In the case
671 of husband and wife living together and filing combined returns,
672 the personal and additional exemptions authorized and allowed by
673 this section may be taken by either, or divided between them in
674 any manner they may choose. If the husband and wife fail to
675 choose, the commissioner shall divide the exemptions between
676 husband and wife in an equitable manner. In the case of a husband
677 and wife filing separate returns, the personal and additional
678 exemptions authorized and allowed by this section shall be divided
679 equally between the spouses.

680 (i) **Nonresidents.** A nonresident individual shall be
681 allowed the same personal and additional exemptions as are
682 authorized for resident individuals in subsection (a) of this

683 section; however, the nonresident individual is entitled only to
684 that proportion of the personal and additional exemptions as his
685 net income from sources within the State of Mississippi bears to
686 his total or entire net income from all sources.

687 A nonresident individual who is married and whose spouse has
688 income from independent sources must declare the joint income of
689 himself and his spouse from sources within and without Mississippi
690 and claim as a personal exemption that proportion of the
691 authorized personal and additional exemptions which the total net
692 income from Mississippi sources bears to the total net income of
693 both spouses from all sources. If both spouses have income from
694 sources within Mississippi and wish to file separate returns,
695 their combined personal and additional exemptions shall be that
696 proration of the exemption which their combined net income from
697 Mississippi sources is of their total combined net income from all
698 sources. The amount of the personal and additional exemptions so
699 computed may be divided between them in any manner they choose.

700 In the case of married individuals where one (1) spouse is a
701 resident and the other is a nonresident, the personal exemption of
702 the resident individual shall be prorated on the same basis as if
703 both were nonresidents having net income from within and without
704 the State of Mississippi.

705 For the purpose of this subsection, the term "net income"
706 means gross income less business expenses incurred in the
707 taxpayer's regular trade or business and computed in accordance
708 with the provisions of the Mississippi Income Tax Law.

709 (j) **Part-year residents.** An individual who is a
710 resident of Mississippi for only a part of his taxable year by
711 reason of either moving into the state or moving from the state
712 shall be allowed the same personal and additional exemptions as
713 authorized for resident individuals in subsection (a) of this
714 section; the part-year resident shall prorate his exemption on the
715 same basis as nonresidents having net income from within and
716 without the state.

717 (k) **Estates.** In the case of an estate, a specific
718 exemption of Six Hundred Dollars (\$600.00).

719 (l) **Trusts.** In the case of a trust which, under its
720 governing instrument, is required to distribute all of its income
721 currently, a specific exemption of Three Hundred Dollars
722 (\$300.00). In the case of all other trusts, a specific exemption
723 of One Hundred Dollars (\$100.00).

724 (m) **Corporations, foundation, joint ventures,**
725 **associations.** In the case of a corporation, foundation, joint
726 venture or association taxable herein, there shall be allowed no
727 specific exemption.

728 (n) **Status.** The status on the last day of the taxable
729 year, except in the case of the head of family as provided in
730 subsection (d) of this section, shall determine the right to the
731 exemptions provided in this section; provided, that a taxpayer
732 shall be entitled to such exemptions, otherwise allowable, if the
733 husband or wife or dependent has died during the taxable year.

734 (o) **Fiscal-year taxpayers.** Individual taxpayers
735 reporting on a fiscal year basis shall prorate their exemptions in
736 a manner established by regulations promulgated by the
737 commissioner.

738 SECTION 8. Section 27-7-29, Mississippi Code of 1972, is
739 brought forward as follows:

740 27-7-29. The following organizations shall be exempt from
741 taxation under this article:

742 (1) Fraternal beneficiary societies, orders or associations.

743 (2) Mutual savings banks, domestic or foreign when organized
744 and operated on a nonprofit basis and for public purposes; and
745 farm loan associations when organized and operated on a nonprofit
746 basis and for public purposes.

747 (3) Cemetery corporations; religious, charitable,
748 educational or scientific associations or institutions, including
749 any community chest, funds or foundations, organized and operated
750 exclusively for religious, charitable, scientific or educational

751 purposes, or for the prevention of cruelty to children or animals,
752 no part of the net earnings of which inures to the benefit of any
753 private stockholder or individual.

754 (4) Business leagues, labor organizations, agricultural or
755 horticultural associations, chambers of commerce, or boards of
756 trade not organized for profit, and no part of the net earnings of
757 which inures to the benefit of any private stockholder or
758 individual.

759 (5) Civic leagues and social clubs or organizations not
760 organized for profit, but operated exclusively for the promotion
761 of social welfare.

762 (6) Clubs organized and operated exclusively for pleasure,
763 recreation and other nonprofitable purposes, no part of the net
764 earnings of which inures to the benefit of any private stockholder
765 or member.

766 (7) Farmers and fruit growers cooperatives or other like
767 organizations organized and operated as sales agents for the
768 purpose of marketing the products of members and turning back to
769 them the proceeds of sales, less the necessary selling expenses
770 and on the basis of the quantity of produce furnished by them, and
771 other nonprofit agricultural associations organized and operated
772 under the provisions of the cooperative marketing laws of this
773 state. Corporations that are treated as cooperatives for federal
774 income tax purposes will be exempt from income taxation under this
775 chapter to the same extent as provided for federal income tax
776 purposes.

777 (8) Nonprofit cooperative electric power associations or
778 corporations, or like associations, when organized and operated
779 for public purposes and when no part of the income inures to the
780 benefit of any private stockholder or individual.

781 (9) Any nonprofit corporation that is required to be
782 organized and formed for the purpose of operating and managing the
783 state's prison industries.

784 SECTION 9. Section 27-51-41, Mississippi Code of 1972, is

785 brought forward as follows:

786 27-51-41. (1) The exemptions from the provisions of this
787 chapter shall be confined to those persons or property exempted by
788 this chapter or by the provisions of the Constitution of the
789 United States or the State of Mississippi. No exemption as now
790 provided by any other statute shall be valid as against the tax
791 levied by this chapter. Any subsequent exemption from the tax
792 levied hereunder shall be provided by amendment to this section
793 which shall be inserted in the bill at length.

794 (2) The following shall be exempt from ad valorem taxation:

795 (a) All motor vehicles, as defined in this chapter, and
796 including motor-propelled farm implements and vehicles, while in
797 the hands of bona fide dealers as merchandise and which are not
798 being operated upon the highways of this state, shall be exempt
799 from all ad valorem taxes.

800 (b) All motor vehicles belonging to the federal
801 government or the State of Mississippi or any agencies or
802 instrumentalities thereof shall be exempt from all ad valorem
803 taxes.

804 (c) All motor vehicles owned by any school district in
805 the state shall be exempt from all ad valorem taxes.

806 (d) All motor vehicles owned by any fire protection
807 district incorporated in accordance with Sections 19-5-151 through
808 19-5-207 or by any fire protection grading district incorporated
809 in accordance with Sections 19-5-215 through 19-5-243 shall be
810 exempt from all ad valorem taxes.

811 (e) All motor vehicles owned by units of the
812 Mississippi National Guard shall be exempt from all ad valorem
813 taxes.

814 (f) All motor vehicles which are exempted from highway
815 privilege taxes under Section 27-19-1 et seq. shall be exempt from
816 ad valorem taxes.

817 (g) All motor vehicles operated in this state as common
818 and contract carriers of property, private commercial carriers of

819 property, private carriers of property and buses, all of which
820 have a gross weight in excess of ten thousand (10,000) pounds,
821 shall be exempt from all ad valorem taxes.

822 (h) Antique automobiles as defined in Section 27-19-47
823 shall be exempt from all ad valorem taxes.

824 (i) Street rods as defined in Section 27-19-56.6 shall
825 be exempt from all ad valorem taxes.

826 (j) Motor vehicles owned by disabled American veterans,
827 or by spouses of deceased disabled American veterans, in
828 accordance with Section 27-19-53, shall be exempt from all ad
829 valorem taxes.

830 (k) One (1) motor vehicle owned by the unremarried
831 surviving spouse of a member of the Armed Forces of the United
832 States who, while on active duty, is killed or dies and one (1)
833 motor vehicle owned by the unremarried surviving spouse of a
834 member of a reserve component of the Armed Forces of the United
835 States or of the National Guard who, while on active duty for
836 training, is killed or dies shall be exempt from ad valorem taxes.

837 (l) Motor vehicles owned by recipients of the
838 Congressional Medal of Honor or by former prisoners of war, or by
839 spouses of such deceased persons, in accordance with Section
840 27-19-54, shall be exempt from all ad valorem taxes.

841 (m) Any religious society, ecclesiastical body or any
842 congregation thereof shall be exempt from ad valorem taxation on
843 one (1) private carrier of passengers, as defined in Section
844 27-19-3, owned by it, which is used exclusively for such society
845 and not for profit. All motor vehicles owned by any such
846 religious society or any educational institution having a seating
847 capacity greater than seven (7) passengers and used exclusively
848 for transporting passengers for religious or educational purposes
849 and not for profit shall be exempt from all ad valorem taxes.

850 (n) All motor vehicles primarily used as rentals under
851 rental agreements with a term of not more than thirty (30)
852 continuous days each and under the control of persons who are

853 engaged in the business of renting such motor vehicles and who are
854 subject to the tax under Section 27-65-231 shall be exempt from
855 all ad valorem taxes.

856 (o) Antique motorcycles as defined in Section
857 27-19-47.1, shall be exempt from all ad valorem taxes.

858 (3) Any claim for tax exemption by authority of the
859 above-mentioned code sections or by any other legal authority
860 shall be set out in the application for the road and bridge
861 privilege license, and the specific legal authority for such tax
862 exemption claim shall be cited in said application, and such
863 authority cited shall be shown by the tax collector on the tax
864 receipt as his authority for not collecting such ad valorem taxes,
865 and the tax collector shall carry forward such information in his
866 tax collection reports.

867 (4) Any motor vehicle driven over the highways of this state
868 to the extent that the owner of such motor vehicle is required to
869 purchase a road and bridge privilege license in this state, yet
870 the legal situs of such motor vehicle is located in another state,
871 shall be exempt from ad valorem taxes authorized by this chapter.

872 (5) If a taxpayer shall sell, trade or otherwise dispose of
873 a vehicle on which the ad valorem and road and bridge privilege
874 taxes have been paid in any county in the state, he shall remove
875 the license plate from the vehicle. Such license plate must be
876 surrendered to the issuing authority with the corresponding tax
877 receipt, if required, and credit shall be allowed for the taxes
878 paid for the remaining tax year on like privilege or ad valorem
879 taxes due on another vehicle owned by the seller or transferor or
880 by the seller's or transferor's spouse or dependent child. If the
881 seller or transferor does not elect to receive such credit at the
882 time the license plate is surrendered, the issuing authority shall
883 issue a certificate of credit to the seller or transferor, or to
884 the seller's or transferor's spouse or dependent child, or to any
885 other person, business or corporation, at the direction of the
886 seller or transferor, for the remaining unexpired taxes prorated

887 from the first day of the month following the month in which the
888 license plate is surrendered. The total of such credit may be
889 used by the person or entity to whom the certificate of credit is
890 issued, regardless of the relative amounts attributed to privilege
891 taxes or to county, school or municipal ad valorem taxes. Any
892 credit allowed for taxes due or any certificate of credit issued
893 may be applied to like taxes owed in any county by the person to
894 whom the credit is allowed or by the person possessing the
895 certificate of credit. No credit, however, shall be allowed on
896 the charge made for the license plate. Such license plates
897 surrendered to the tax collector shall be retained by him, and in
898 no event shall such license plate be attached to any vehicle after
899 being surrendered to the tax collector, nor shall any license
900 plate be transferred from one (1) vehicle to any other vehicle.

901 (6) If the person owning a vehicle subject to taxation under
902 the provisions of this chapter does not operate such vehicle on
903 the highways of this state from the date of acquisition or, if
904 previously registered, from the end of the anniversary month of
905 the tag and decals to the date on which he makes application for a
906 current license tag or decals, he shall pay such ad valorem tax
907 for a period of twelve (12) months beginning with the first day of
908 the month in which he applies for a current license tag or decals
909 under Chapter 19, Title 27, Mississippi Code of 1972. The owner
910 shall submit an affidavit with an application attesting to the
911 fact that the vehicle was not operated on the highways of this
912 state from the date of acquisition or, if previously registered,
913 from the end of the anniversary month of the tag and decals to the
914 date on which he makes application for the current license tag or
915 decals.

916 (7) Any person found violating any of the provisions of this
917 section shall be arrested and tried, and if found guilty shall be
918 fined in an amount double the total amount of taxes involved.

919 SECTION 10. Section 27-51-101, Mississippi Code of 1972, is
920 brought forward as follows:

921 27-51-101. (1) As used in Sections 27-51-101 through
922 27-51-107, unless the context requires otherwise:

923 (a) "Private carrier of passengers" shall have the
924 meaning ascribed to such term in Section 27-19-3, but shall not be
925 construed to include motorcycles.

926 (b) "Light carrier of property" means any motor vehicle
927 with a gross weight, as defined in Section 27-19-3, of ten
928 thousand (10,000) pounds or less that is designed and constructed
929 for the primary purpose of transporting property on the roads and
930 highways.

931 (c) "Local taxing district" means any county,
932 municipality, school district or other local entity that levies an
933 ad valorem tax or for which an ad valorem tax is levied, to fund
934 all or a portion of its budget.

935 (d) "State fiscal year" means the period beginning on
936 July 1 and ending on June 30 of the following year.

937 (e) "Commission" means the State Tax Commission.

938 SECTION 11. Section 27-51-103, Mississippi Code of 1972, is
939 brought forward as follows:

940 27-51-103. (1) From and after January 1, 1995, through June
941 30, 1995, a taxpayer shall be allowed as a credit towards the tax
942 liability imposed by Chapter 51, Title 27, Mississippi Code of
943 1972, on the amount of ad valorem taxes due during the taxable
944 year on any private carrier of passengers and light carrier of
945 property owned by him, an amount equal to five percent (5%) of the
946 assessed value of the motor vehicle.

947 (2) From and after July 1, 1995, a taxpayer shall be allowed
948 as a credit against motor vehicle ad valorem taxes due under
949 Chapter 51, Title 27, Mississippi Code of 1972, on any private
950 carrier of passengers and light carrier of property owned by him,
951 an amount as provided for in subsection (3) of this section.

952 (3) From and after July 1, 1995, the amount of the credit
953 that a taxpayer shall be allowed against motor vehicle ad valorem
954 taxes due under Chapter 51, Title 27, Mississippi Code of 1972,

955 shall be determined by the State Tax Commission for each fiscal
956 year. The amount of the credit shall be promulgated by the
957 commission on or before May 1 prior to each state fiscal year
958 beginning with the state fiscal year beginning on July 1, 1995.
959 In developing the credit, the commission shall establish credit
960 amounts that provide for an equal percentage of dollar credit
961 amounts for private carriers of passengers and light carriers of
962 property in proportion to their assessed value, based on the
963 projected amount of funds in the Motor Vehicle Ad Valorem Tax
964 Reduction Fund that will be available for distribution in such
965 state fiscal year. The commission may calculate the credit in
966 such a manner so as to have surplus funds available in the Motor
967 Vehicle Ad Valorem Tax Reduction Fund for cash flow needs and
968 monthly shortfalls that might be incurred as a result of
969 unexpected revenue fluctuations; provided, however, that in the
970 calculation of the credit in order to make such surplus funds
971 available, the commission shall attempt to create a balance in the
972 Motor Vehicle Ad Valorem Tax Reduction Fund that does not exceed
973 at the end of any state fiscal year five percent (5%) of the
974 projected amount of funds that will be available in the Motor
975 Vehicle Ad Valorem Tax Reduction Fund for distribution during such
976 state fiscal year.

977 (4) Tax credits provided for by this section may be used
978 against motor vehicle ad valorem taxes due under Chapter 51, Title
979 27, Mississippi Code of 1972, at the time that a taxpayer pays
980 motor vehicle ad valorem taxes to the county tax collector.

981 (5) Each receipt for motor vehicle ad valorem taxes shall
982 clearly indicate that the credit provided for by this section is
983 granted as a result of legislative action.

984 (6) A taxpayer who is delinquent in the payment of motor
985 vehicle ad valorem taxes to the extent that the penalty assessed
986 pursuant to Section 27-51-43, Mississippi Code of 1972, has
987 reached twenty-five percent (25%) of the ad valorem taxes due
988 shall not be eligible to receive the tax credit authorized

989 pursuant to this section.

990 SECTION 12. Section 27-51-105, Mississippi Code of 1972, is
991 brought forward as follows:

992 27-51-105. (1) There is created in the State Treasury a
993 special fund to be known as the Motor Vehicle Ad Valorem Tax
994 Reduction Fund, into which shall be deposited the monies specified
995 in Section 27-65-75(10), (11) and (12), and such other monies as
996 the Legislature may provide by appropriation. The monies in the
997 fund shall be used for the purpose of making payments to counties
998 for the reduction in motor vehicle ad valorem tax revenues
999 incurred by local taxing districts in the county as a result of
1000 the ad valorem tax credit for private carriers of passengers and
1001 light carriers of property that is provided for by Section
1002 27-51-103.

1003 (2) The Motor Vehicle Ad Valorem Tax Reduction Fund shall be
1004 administered by the State Tax Commission, and monies in the fund
1005 shall be expended upon appropriation by the Legislature.
1006 Unexpended amounts remaining in the fund at the end of the state
1007 fiscal year shall not lapse into the State General Fund, and any
1008 interest earned on amounts in the fund shall be deposited to the
1009 credit of the fund.

1010 SECTION 13. Section 27-51-107, Mississippi Code of 1972, is
1011 brought forward as follows:

1012 27-51-107. (1) On or before February 10, 1995, and the tenth
1013 day of each succeeding month thereafter, the State Tax Commission
1014 shall make payments from the Motor Vehicle Ad Valorem Tax
1015 Reduction Fund established in Section 27-51-105 to the county tax
1016 collectors for distribution to the local taxing districts as
1017 reimbursement for motor vehicle ad valorem taxes that are lost
1018 during the preceding month as a result of the ad valorem tax
1019 credit for private carriers of passengers and light carriers of
1020 property that is provided for by Section 27-51-103. The amount
1021 that each local taxing district will receive for each month under
1022 this subsection shall be determined by the State Tax Commission

1023 based on documentation provided by the tax collectors under
1024 guidelines established by the commission.

1025 (2) On or before the twentieth day of the month that the
1026 payments from the commission under subsection (1) of this section
1027 are received, the county tax collectors shall remit the
1028 appropriate amount of such payments to the local taxing districts
1029 for which the county tax collector collects motor vehicle ad
1030 valorem taxes. When an ad valorem tax credit that is allowed to a
1031 taxpayer is not paid by the commission in the payment for the
1032 month in which such credit is allowed, the tax collector shall
1033 remit the payment for such credit to the local taxing authority on
1034 or before the twentieth day of the month that payment for such
1035 credit is received from the commission.

1036 (3) Funds received by local taxing districts from the
1037 payments under subsection (1) of this section shall be considered
1038 to be, and shall be used in the same manner as, the proceeds of
1039 motor vehicle ad valorem taxes.

1040 SECTION 14. Section 27-65-3, Mississippi Code of 1972, is
1041 brought forward as follows:

1042 27-65-3. The words, terms and phrases, when used in this
1043 chapter, shall have the meanings ascribed to them herein.

1044 (a) "Tax Commission" means the State Tax Commission of
1045 the State of Mississippi.

1046 (b) "Commissioner" means the Chairman of the State Tax
1047 Commission.

1048 (c) "Person" means and includes any individual, firm,
1049 copartnership, joint venture, association, corporation, estate,
1050 trust or other group or combination acting as a unit, and includes
1051 the plural as well as the singular in number. "Person" shall
1052 include husband or wife or both where joint benefits are derived
1053 from the operation of a business taxed hereunder. "Person" shall
1054 also include any state, county, municipal or other agency or
1055 association engaging in a business taxable under this chapter.

1056 (d) "Tax year" or "taxable year" means either the

1057 calendar year or the taxpayer's fiscal year.

1058 (e) "Taxpayer" means any person liable for or having
1059 paid any tax to the State of Mississippi under the provisions of
1060 this chapter.

1061 (f) "Sale" or "sales" includes the barter or exchange
1062 of property as well as the sale thereof for money or other
1063 consideration, and every closed transaction by which the title to
1064 taxable property passes shall constitute a taxable event.

1065 "Sale" shall also include the passing of title to property
1066 for a consideration of coupons, trading stamps or by any other
1067 means when redemption is subsequent to the original sale by which
1068 the coupon, stamp or other obligation was created.

1069 The situs of a sale for the purpose of distributing taxes to
1070 municipalities shall be the same as the location of the business
1071 from which the sale is made except that:

1072 (i) Retail sales along a route from a vehicle or
1073 otherwise by a transient vendor shall take the situs of delivery
1074 to the customer.

1075 (ii) The situs of wholesale sales of tangible
1076 personal property taxed at wholesale rates, the amount of which is
1077 allowed as a credit against the sales tax liability of the
1078 retailer, shall be the same as the location of the business of the
1079 retailer receiving the credit.

1080 (iii) The situs of wholesale sales of tangible
1081 personal property taxed at wholesale rates, the amount of which is
1082 not allowed as a credit against the sales tax liability of the
1083 retailer, shall have a rural situs.

1084 (iv) Income received from the renting or leasing
1085 of property used for transportation purposes between cities or
1086 counties shall have a rural situs.

1087 (g) "Delivery charges" shall mean and include any
1088 expenses incurred by a seller in acquiring merchandise for sale in
1089 the regular course of business commonly known as "freight-in" or
1090 "transportation costs-in." "Delivery charges" also include any

1091 charges made by the seller for delivery of property sold to the
1092 purchaser.

1093 (h) "Gross proceeds of sales" means the value
1094 proceeding or accruing from the full sale price of tangible
1095 personal property, including installation charges, carrying
1096 charges, or any other addition to the selling price on account of
1097 deferred payments by the purchaser, without any deduction for
1098 delivery charges, cost of property sold, other expenses or losses,
1099 or taxes of any kind except those expressly exempt by this
1100 chapter.

1101 Where a trade-in is taken as part payment on tangible
1102 personal property sold, "gross proceeds of sales" shall include
1103 only the difference received between the selling price of the
1104 tangible personal property and the amount allowed for a trade-in
1105 of property of the same kind. When the trade-in is subsequently
1106 sold, the selling price thereof shall be included in "gross
1107 proceeds of sales."

1108 "Gross proceeds of sales" shall include the value of any
1109 goods, wares, merchandise or property purchased at wholesale or
1110 manufactured, and any mineral or natural resources produced which
1111 are excluded from the tax levied by Section 27-65-15, which are
1112 withdrawn or used from an established business or from the stock
1113 in trade for consumption or any other use in the business or by
1114 the owner.

1115 "Gross proceeds of sales" shall not include bad check or
1116 draft service charges as provided for in Section 97-19-57.

1117 (i) "Gross income" means the total charges for service
1118 or the total receipts (actual or accrued) derived from trades,
1119 business or commerce by reason of the investment of capital in the
1120 business engaged in, including the sale or rental of tangible
1121 personal property, compensation for labor and services performed,
1122 and including the receipts from the sales of property retained as
1123 toll, without any deduction for rebates, cost of property sold,
1124 cost of materials used, labor costs, interest paid, losses or any

1125 expense whatever.

1126 "Gross income" shall also include the cost of property given
1127 as compensation when said property is consumed by a person
1128 performing a taxable service for the donor.

1129 However, "gross income" or "gross proceeds of sales" shall
1130 not be construed to include the value of goods returned by
1131 customers when the total sale price is refunded either in cash or
1132 by credit, or cash discounts allowed and taken on sales. Cash
1133 discounts shall not include the value of trading stamps given with
1134 a sale of property.

1135 (j) "Tangible personal property" means personal
1136 property perceptible to the human senses or by chemical analysis
1137 as opposed to real property or intangibles and shall include
1138 property sold on an installed basis which may become a part of
1139 real or personal property.

1140 (k) "Installation charges" shall mean and include the
1141 charge for the application of tangible personal property to real
1142 or personal property without regard to whether or not it becomes a
1143 part of the real property or retains its personal property
1144 classification. It shall include, but not be limited to, sales in
1145 place of roofing, tile, glass, carpets, drapes, fences, awnings,
1146 window air conditioning units, gasoline pumps, window guards,
1147 floor coverings, carpports, store fixtures, aluminum and plastic
1148 siding, tombstones and similar personal property.

1149 (l) "Newspaper" means a periodical which:

1150 (i) Is not published primarily for advertising
1151 purposes and has not contained more than seventy-five percent
1152 (75%) advertising in more than one-half (1/2) of its issues during
1153 any consecutive twelve-month period excluding separate advertising
1154 supplements inserted into but separately identifiable from any
1155 regular issue or issues;

1156 (ii) Has been established and published
1157 continuously for at least twelve (12) months;

1158 (iii) Is regularly issued at stated intervals no

1159 less frequently than once a week, bears a date of issue, and is
1160 numbered consecutively; provided, however, that publication on
1161 legal holidays of this state or of the United States and on
1162 Saturdays and Sundays shall not be required, and failure to
1163 publish not more than two (2) regular issues in any calendar year
1164 shall not exclude a periodical from this definition;

1165 (iv) Is issued from a known office of publication,
1166 which shall be the principal public business office of the
1167 newspaper and need not be the place at which the periodical is
1168 printed and a newspaper shall be deemed to be "published" at the
1169 place where its known office of publication is located;

1170 (v) Is formed of printed sheets; provided,
1171 however, that a periodical that is reproduced by the stencil,
1172 mimeograph or hectograph process shall not be considered to be a
1173 "newspaper"; and

1174 (vi) Is originated and published for the
1175 dissemination of current news and intelligence of varied, broad
1176 and general public interest, announcements and notices, opinions
1177 as editorials on a regular or irregular basis, and advertising and
1178 miscellaneous reading matter.

1179 The term "newspaper" shall include periodicals which are
1180 designed primarily for free circulation or for circulation at
1181 nominal rates as well as those which are designed for circulation
1182 at more than a nominal rate.

1183 The term "newspaper" shall not include a publication or
1184 periodical which is published, sponsored by, is directly supported
1185 financially by, or is published to further the interests of, or is
1186 directed to, or has a circulation restricted in whole or in part
1187 to any particular sect, denomination, labor or fraternal
1188 organization or other special group or class or citizens.

1189 For purposes of this paragraph, a periodical designed
1190 primarily for free circulation or circulation at nominal rates
1191 shall not be considered to be a newspaper unless such periodical
1192 has made an application for such status to the Tax Commission in

1193 the manner prescribed by the commission and has provided to the
1194 Tax Commission documentation satisfactory to the commission
1195 showing that such periodical meets the requirements of the
1196 definition of the term "newspaper." However, if such periodical
1197 has been determined to be a newspaper under action taken by the
1198 State Tax Commission on or before April 11, 1996, such periodical
1199 shall be considered to be a newspaper without the necessity of
1200 applying for such status. A determination by the State Tax
1201 Commission that a publication is a newspaper shall be limited to
1202 the application of this chapter and shall not establish that the
1203 publication is a newspaper for any other purpose.

1204 SECTION 15. Section 27-65-15, Mississippi Code of 1972, is
1205 brought forward as follows:

1206 27-65-15. Upon every person engaging or continuing within
1207 this state in the business of mining, quarrying, drilling or
1208 otherwise producing, or causing to be produced for sale, profit,
1209 or commercial use, limestone, sand, gravel, dirt, coal, lignite or
1210 other mineral or natural resource products, except timber, oil,
1211 natural gas and salt, there is hereby levied and assessed and
1212 shall be collected taxes as follows:

1213 (a) Sales to consumers within this state shall be taxed
1214 under Section 27-65-17 or Section 27-65-19, as the case may be.

1215 (b) Sales defined as wholesale or exempt, used by the
1216 producers as a component material of a contract taxable under
1217 Section 27-65-21, as a raw material of a manufactured product, or
1218 delivered outside this state, shall be taxed at seven percent (7%)
1219 of the gross proceeds of sales, exclusive of delivery charges, or
1220 value when converted to use, whichever is greater, but not to
1221 exceed Five Cents (5¢) per ton with respect to sand, gravel, dirt,
1222 clay or limestone.

1223 The commission shall prescribe equitable and uniform rules
1224 for ascertaining value.

1225 All privilege taxes levied upon persons engaged in the
1226 production of natural resource products by this chapter shall be a

1227 lien upon all such products so produced and such lien shall be
1228 entitled to preference over all judgments, executions,
1229 encumbrances or liens, whensoever created. All persons to or
1230 through whom the title to such products pass shall be jointly and
1231 severally liable for such tax until the same is paid in full.

1232 The tax imposed in this section shall be collected by the
1233 commissioner from the person in charge of the production
1234 operations, and the commissioner is hereby authorized to make such
1235 investigations and inspections of the production operations, from
1236 time to time, as he may deem necessary for the purpose of
1237 ascertaining the correct amount of tax due.

1238 SECTION 16. Section 27-65-17, Mississippi Code of 1972, is
1239 brought forward as follows:

1240 27-65-17. (1) Upon every person engaging or continuing
1241 within this state in the business of selling any tangible personal
1242 property whatsoever there is hereby levied, assessed and shall be
1243 collected a tax equal to seven percent (7%) of the gross proceeds
1244 of the retail sales of the business, except as otherwise provided
1245 herein.

1246 Retail sales of farm tractors shall be taxed at the rate of
1247 one percent (1%) when made to farmers for agricultural purposes.

1248 Retail sales of farm implements sold to farmers and used
1249 directly in the production of poultry, ratite, domesticated fish
1250 as defined in Section 69-7-501, livestock, livestock products,
1251 agricultural crops or ornamental plant crops or used for other
1252 agricultural purposes shall be taxed at the rate of three percent
1253 (3%) when used on the farm. The three percent (3%) rate shall
1254 also apply to all equipment used in logging, pulpwood operations
1255 or tree farming which is either (a) self-propelled or which is (b)
1256 mounted so that it is (i) permanently attached to other equipment
1257 which is self-propelled or (ii) permanently attached to other
1258 equipment drawn by a vehicle which is self-propelled.

1259 Retail sales of aircraft, automobiles, trucks,
1260 truck-tractors, semitrailers and mobile homes shall be taxed at

1261 the rate of three percent (3%).

1262 Sales of manufacturing machinery or manufacturing machine
1263 parts when made to a manufacturer or custom processor for plant
1264 use only when said machinery and machine parts will be used
1265 exclusively and directly within this state in manufacturing a
1266 commodity for sale, rental or in processing for a fee shall be
1267 taxed at the rate of one and one-half percent (1-1/2%).

1268 Sales of materials for use in track and track structures to a
1269 railroad whose rates are fixed by the Interstate Commerce
1270 Commission or the Mississippi Public Service Commission shall be
1271 taxed at the rate of three percent (3%).

1272 Sales of tangible personal property to electric power
1273 associations for use in the ordinary and necessary operation of
1274 their generating or distribution systems shall be taxed at the
1275 rate of one percent (1%).

1276 Wholesale sales of beer shall be taxed at the rate of seven
1277 percent (7%), and the retailer shall file a return and compute the
1278 retail tax on retail sales but may take credit for the amount of
1279 the tax paid to the wholesaler on said return covering the
1280 subsequent sales of same property, provided adequate invoices and
1281 records are maintained to substantiate the credit.

1282 Wholesale sales of food and drink for human consumption to
1283 full service vending machine operators to be sold through vending
1284 machines located apart from and not connected with other taxable
1285 businesses shall be taxed at the rate of eight percent (8%).

1286 A manufacturer selling at retail in this state shall be
1287 required to make returns of the gross proceeds of such sales and
1288 pay the tax imposed in this section.

1289 Any person exercising any privilege taxable under Section
1290 27-65-15 and selling his natural resource products at wholesale or
1291 to exempt persons shall pay the tax levied by said section in lieu
1292 of the tax levied by this section.

1293 (2) From and after January 1, 1995, retail sales of private
1294 carriers of passengers and light carriers of property, as defined

1295 in Section 27-51-101, shall be taxed an additional two percent
1296 (2%).

1297 SECTION 17. Section 27-65-19, Mississippi Code of 1972, is
1298 brought forward as follows:

1299 27-65-19. (1) (a) Except as otherwise provided in this
1300 subsection, upon every person selling to consumers, electricity,
1301 current, power, potable water, steam, coal, natural gas, liquefied
1302 petroleum gas or other fuel, there is hereby levied, assessed and
1303 shall be collected a tax equal to seven percent (7%) of the gross
1304 income of the business. Provided, gross income from sales to
1305 consumers of electricity, current, power, natural gas, liquefied
1306 petroleum gas or other fuel for residential heating, lighting or
1307 other residential noncommercial or nonagricultural use, and sales
1308 of potable water for residential, noncommercial or nonagricultural
1309 use shall be excluded from taxable gross income of the business.
1310 Provided further, upon every such seller using electricity,
1311 current, power, potable water, steam, coal, natural gas, liquefied
1312 petroleum gas or other fuel for nonindustrial purposes, there is
1313 hereby levied, assessed and shall be collected a tax equal to
1314 seven percent (7%) of the cost or value of the product or service
1315 used.

1316 (b) There is hereby levied, assessed and shall be
1317 collected a tax equal to one and one-half percent (1-1/2%) of the
1318 gross income of the business when the electricity, current, power,
1319 steam, coal, natural gas, liquefied petroleum gas or other fuel is
1320 sold to or used by a manufacturer, custom processor or public
1321 service company for industrial purposes, which shall include that
1322 used to generate electricity, to operate an electrical
1323 distribution or transmission system, to operate pipeline
1324 compressor or pumping stations or to operate railroad locomotives;
1325 provided, however, that:

1326 (i) From and after July 1, 2000, through June 30,
1327 2001, sales of fuel used to produce electric power by a company
1328 primarily engaged in the business of producing, generating or

1329 distributing electric power for sale shall be taxed at the rate of
1330 one and one-eighth percent (1.125%);

1331 (ii) From and after July 1, 2001, through June 30,
1332 2002, sales of fuel used to produce electric power by a company
1333 primarily engaged in the business of producing, generating or
1334 distributing electric power for sale shall be taxed at the rate of
1335 three-fourths of one percent (0.75%);

1336 (iii) From and after July 1, 2002, through June
1337 30, 2003, sales of fuel used to produce electric power by a
1338 company primarily engaged in the business of producing, generating
1339 or distributing electric power for sale shall be taxed at the rate
1340 of three-eighths of one percent (0.375%);

1341 (iv) From and after July 1, 2003, sales of fuel
1342 used to produce electric power by a company primarily engaged in
1343 the business of producing, generating or distributing electric
1344 power for sale shall be exempt from sales tax as provided in
1345 Section 27-65-107.

1346 (c) The one and one-half percent (1-1/2%) industrial
1347 rate provided for in this subsection shall also apply when the
1348 electricity, current, power, steam, coal, natural gas, liquefied
1349 petroleum gas or other fuel is sold to a producer or processor for
1350 use directly in the production of poultry or poultry products, the
1351 production of livestock and livestock products, the production of
1352 plants or food by commercial horticulturists, the processing of
1353 milk and milk products, the processing of poultry and livestock
1354 feed, and the irrigation of farm crops.

1355 (d) The one and one-half percent (1-1/2%) rate provided
1356 for in this subsection shall not apply to sales of fuel for
1357 automobiles, trucks, truck-tractors, buses, farm tractors or
1358 airplanes.

1359 (e) Upon every person operating a telegraph or
1360 telephone business for the transmission of messages or
1361 conversations between points within this state, there is hereby
1362 levied, assessed and shall be collected, a tax equal to seven

1363 percent (7%) of the gross income of such business, with no
1364 deduction or allowance for any part of an intrastate rate charge
1365 because of routing across a state line. However, any sale of a
1366 prepaid telephone calling card or prepaid authorization number, or
1367 both, shall be deemed to be the sale of tangible personal property
1368 subject only to such taxes imposed by law on the sale of tangible
1369 personal property. If the sale of a prepaid telephone calling
1370 card or prepaid authorization number does not take place at the
1371 vendor's place of business, it shall be conclusively determined to
1372 take place at the customer's shipping address. The
1373 reauthorization of a prepaid telephone calling card or a prepaid
1374 authorization number shall be conclusively determined to take
1375 place at the customer's billing address.

1376 (2) Persons making sales to consumers of electricity,
1377 current, power, natural gas, liquefied petroleum gas or other fuel
1378 for residential heating, lighting or other residential
1379 noncommercial or nonagricultural use or sales of potable water for
1380 residential, noncommercial or nonagricultural use shall indicate
1381 on each statement rendered to customers that such charges are
1382 exempt from sales taxes.

1383 (3) There is hereby levied, assessed and shall be paid on
1384 transportation charges on shipments moving between points within
1385 this state when paid directly by the consumer, a tax equal to the
1386 rate applicable to the sale of the property being transported.
1387 Such tax shall be reported and paid directly to the State Tax
1388 Commission by the consumer.

1389 SECTION 18. Section 27-65-20, Mississippi Code of 1972, is
1390 brought forward as follows:

1391 27-65-20. Upon every person engaging or continuing within
1392 this state in the business of selling machinery, machine parts
1393 and/or equipment to an operator or lessee of any structures,
1394 facilities and lands acquired and operated or leased pursuant to
1395 any of the provisions of Chapter 9, Title 59, Mississippi Code of
1396 1972, which machinery, machine parts and/or equipment is to be

1397 located on and used exclusively and directly in the operation of
1398 such structures, facilities and lands, there is hereby levied,
1399 assessed and shall be collected a tax equal to one and one-half
1400 percent (1-1/2%) of the gross proceeds of such retail sales of the
1401 business.

1402 SECTION 19. Section 27-65-21, Mississippi Code of 1972, is
1403 brought forward as follows:

1404 27-65-21. (1) (a) (i) Upon every person engaging or
1405 continuing in this state in the business of contracting or
1406 performing a contract or engaging in any of the activities, or
1407 similar activities, listed below for a price, commission, fee or
1408 wage, there is hereby levied, assessed and shall be collected a
1409 tax equal to three and one-half percent (3-1/2%) of the total
1410 contract price or compensation received, including all charges
1411 related to the contract such as finance charges and late charges,
1412 from constructing, building, erecting, repairing, grading,
1413 excavating, drilling, exploring, testing or adding to any
1414 building, highway, street, sidewalk, bridge, culvert, sewer,
1415 irrigation or water system, drainage or dredging system, levee or
1416 levee system or any part thereof, railway, reservoir, dam, power
1417 plant, electrical system, air conditioning system, heating system,
1418 transmission line, pipeline, tower, dock, storage tank, wharf,
1419 excavation, grading, water well, any other improvement or
1420 structure or any part thereof when the compensation received
1421 exceeds Ten Thousand Dollars (\$10,000.00). Such activities shall
1422 not include constructing, repairing or adding to property which
1423 retains its identity as personal property. The tax imposed in
1424 this section is levied upon the prime contractor and shall be paid
1425 by him.

1426 (ii) Amounts included in the contract price or
1427 compensation received representing the sale of manufacturing or
1428 processing machinery for a manufacturer or custom processor shall
1429 be taxed at the rate of one and one-half percent (1-1/2%) in lieu
1430 of the three and one-half percent (3-1/2%).

1431 (b) The following shall be excluded from the tax levied
1432 by this section:

1433 (i) The contract price or compensation received
1434 for constructing, building, erecting, repairing or adding to any
1435 building, electrical system, air conditioning system, heating
1436 system or any other improvement or structure which is used for or
1437 primarily in connection with a residence or dwelling place for
1438 human beings. Such residences shall include homes, apartment
1439 buildings, condominiums, mobile homes, summer cottages, fishing
1440 and hunting camp buildings and similar buildings, but shall not
1441 include hotels, motels, hospitals, nursing or retirement homes,
1442 tourist cottages or other commercial establishments.

1443 (ii) The portion of the total contract price
1444 attributable to design or engineering services if the total
1445 contract price for the project exceeds the sum of One Hundred
1446 Million Dollars (\$100,000,000.00).

1447 (iii) The contract price or compensation received
1448 to restore, repair or replace a utility distribution or
1449 transmission system that has been damaged due to ice storm,
1450 hurricane, flood, tornado, wind, earthquake or other natural
1451 disaster if such restoration, repair or replacement is performed
1452 by the entity providing the service at its cost.

1453 (c) Sales of materials and services for use in the
1454 activities hereby excluded from taxes imposed by this section,
1455 except services used in activities excluded pursuant to paragraph
1456 (b)(iii) of this subsection, shall be subject to taxes imposed by
1457 other sections in this chapter.

1458 (2) Upon every person engaging or continuing in this state
1459 in the business of contracting or performing a contract of
1460 redrilling, or working over, or of drilling an oil well or a gas
1461 well, regardless of whether such well is productive or
1462 nonproductive, for any valuable consideration, there is hereby
1463 levied, assessed and shall be collected a tax equal to three and
1464 one-half percent (3-1/2%) of the total contract price or

1465 compensation received when such compensation exceeds Ten Thousand
1466 Dollars (\$10,000.00).

1467 The words, terms and phrases as used in this subsection shall
1468 have the meaning ascribed to them as follows:

1469 "Operator" -- One who holds all or a fraction of the working
1470 or operating rights in an oil or gas lease, and is obligated for
1471 the costs of production either as a fee owner or under a lease or
1472 any other form of contract creating working or operating rights.

1473 "Bottom-hole contribution" -- Money or property given to an
1474 operator for his use in the drilling of a well on property in
1475 which the payor has no interest. The contribution is payable
1476 whether the well is productive or nonproductive.

1477 "Dry-hole contribution" -- Money or property given to an
1478 operator for his use in the drilling of a well on property in
1479 which the payor has no interest. Such contribution is payable
1480 only in the event the well is found to be nonproductive.

1481 "Turnkey drilling contract" -- A contract for the drilling of
1482 a well which requires the driller to drill a well and, if
1483 commercial production is obtained, to equip the well to such stage
1484 that the lessee or operator may turn a valve and the oil will flow
1485 into a tank.

1486 "Total contract price or compensation received" -- As related
1487 to oil and gas well contractors, shall include amounts received as
1488 compensation for all costs of performing a turnkey drilling
1489 contract; amounts received or to be received under assignment as
1490 dry-hole money or bottom-hole money; and shall mean and include
1491 anything of value received by the contractor as remuneration for
1492 services taxable hereunder. When the kind and amount of
1493 compensation received by the contractor is contingent upon
1494 production, the taxable amount shall be the total compensation
1495 receivable in the event the well is a dry hole. The taxable
1496 amount in the event of production when the contractor receives a
1497 production interest of an undetermined value in lieu of a fixed
1498 compensation shall be an amount equal to the compensation to the

1499 contractor if the well had been a dry hole.

1500 (3) When the work to be performed under any contract is
1501 sublet by the prime contractor to different persons, or in
1502 separate contracts to the same persons, each such subcontractor
1503 performing any part of said work shall be liable for the amount of
1504 the tax which accrues on account of the work performed by such
1505 person when the tax heretofore imposed has not been paid upon the
1506 whole contract by the prime contractor.

1507 When a person engaged in any business on which a tax is
1508 levied in Section 27-65-23, also qualifies as a contractor, and
1509 contracts with the owner of any project to perform any services in
1510 excess of Ten Thousand Dollars (\$10,000.00) herein taxed, such
1511 person shall pay the tax imposed by this section in lieu of the
1512 tax imposed by Section 27-65-23.

1513 Any person entering into any contract over Seventy-five
1514 Thousand Dollars (\$75,000.00) as defined in this section shall,
1515 before beginning the performance of such contract or contracts,
1516 either pay the contractors' tax in advance, together with any use
1517 taxes due under Section 27-67-5, or execute and file with the
1518 Chairman of the State Tax Commission a good and valid bond in a
1519 surety company authorized to do business in this state, or with
1520 sufficient sureties to be approved by the commissioner conditioned
1521 that all taxes which may accrue to the State of Mississippi under
1522 this chapter, or under Section 27-67-5 and Section 27-7-5, will be
1523 paid when due. Such bonds shall be either (a) "job bonds" which
1524 guarantee payment when due of the aforesaid taxes resulting from
1525 performance of a specified job or activity regardless of date of
1526 completion; or (b) "blanket bonds" which guarantee payment when
1527 due of the aforesaid taxes resulting from performance of all jobs
1528 or activities taxable under this section begun during the period
1529 specified therein, regardless of date of completion. The payments
1530 of the taxes due or the execution and filing of a surety bond
1531 shall be a condition precedent to the commencing work on any
1532 contract taxed hereunder. Provided, that when any bond is filed

1533 in lieu of the prepayment of the tax under this section, that the
1534 tax shall be payable monthly on the amount received during the
1535 previous month, and any use taxes due shall be payable on or
1536 before the twentieth day of the month following the month in which
1537 the property is brought into Mississippi.

1538 Any person failing either to execute any bond herein
1539 provided, or to pay the taxes in advance, before beginning the
1540 performance of any contract shall be denied the right to perform
1541 such contract until he complies with such requirements, and the
1542 commissioner is hereby authorized to proceed either under Section
1543 27-65-59, or by injunction to prevent any activity in the
1544 performance of such contract until either a satisfactory bond is
1545 executed and filed, or all taxes are paid in advance, and a
1546 temporary injunction enjoining the execution of such contract
1547 shall be granted without notice by any judge or chancellor now
1548 authorized by law to grant injunctions.

1549 Any person liable for a tax under this section may apply for
1550 and obtain a material purchase certificate from the commissioner
1551 which may entitle the holder to purchase materials and services
1552 that are to become a component part of the structure to be erected
1553 or repaired with no tax due. Provided, that the contractor
1554 applying for the contractor's material purchase certificate shall
1555 furnish the State Tax Commission a list of all work sublet to
1556 others, indicating the amount of work to be performed, and the
1557 names and addresses of each subcontractor.

1558 SECTION 20. Section 27-65-22, Mississippi Code of 1972, is
1559 brought forward as follows:

1560 27-65-22. (1) Upon every person engaging or continuing in
1561 any amusement business or activity, which shall include all manner
1562 and forms of entertainment and amusement, all forms of diversion,
1563 sport, recreation or pastime, shows, exhibitions, contests,
1564 displays, games or any other and all methods of obtaining
1565 admission charges, donations, contributions or monetary charges of
1566 any character, from the general public or a limited or selected

1567 number thereof, directly or indirectly in return for other than
1568 tangible property or specific personal or professional services,
1569 whether such amusement is held or conducted in a public or private
1570 building, hotel, tent, pavilion, lot or resort, enclosed or in the
1571 open, there is hereby levied, assessed and shall be collected a
1572 tax equal to seven percent (7%) of the gross income received as
1573 admission, except as otherwise provided herein. In lieu of the
1574 rate set forth above, there is hereby imposed, levied and
1575 assessed, to be collected as hereinafter provided, a tax of three
1576 percent (3%) of gross revenue derived from sales of admission to
1577 publicly owned enclosed coliseums and auditoriums (except
1578 admissions to athletic contests between colleges and
1579 universities). There is hereby imposed, levied and assessed a tax
1580 of seven percent (7%) of gross revenue derived from sales of
1581 admission to events conducted on property managed by the
1582 Mississippi Veterans Memorial Stadium, which tax shall be
1583 administered in the manner prescribed in this chapter, subject,
1584 however, to the provisions of Sections 55-23-3 through 55-23-11.

1585 (2) The operator of any place of amusement in this state
1586 shall collect the tax imposed by this section, in addition to the
1587 price charged for admission to any place of amusement, and under
1588 all circumstances the person conducting the amusement shall be
1589 liable for, and pay the tax imposed based upon the actual charge
1590 for such admission. Where permits are obtained for conducting
1591 temporary amusements by persons who are not the owners, lessees or
1592 custodians of the buildings, lots or places where the amusements
1593 are to be conducted, or where such temporary amusement is
1594 permitted by the owner, lessee or custodian of any place to be
1595 conducted without the procurement of a permit as required by this
1596 chapter, the tax imposed by this chapter shall be paid by the
1597 owner, lessee or custodian of such place where such temporary
1598 amusement is held or conducted, unless paid by the person
1599 conducting the amusement, and the applicant for such temporary
1600 permit shall furnish with the application therefor, the name and

1601 address of the owner, lessee or custodian of the premises upon
1602 which such amusement is to be conducted, and such owner, lessee or
1603 custodian shall be notified by the commission of the issuance of
1604 such permit, and of the joint liability for such tax.

1605 (3) The tax imposed by this section shall not be levied or
1606 collected upon:

1607 (a) Any admissions charged at any place of amusement
1608 operated by a religious, charitable or educational organization,
1609 or by a nonprofit civic club or fraternal organization (i) when
1610 the net proceeds of such admissions do not inure to any one or
1611 more individuals within such organization and are to be used
1612 solely for religious, charitable, educational or civic purposes;
1613 or (ii) when the entire net proceeds are used to defray the normal
1614 operating expenses of such organization, such as loan payments,
1615 maintenance costs, repairs and other operating expenses;

1616 (b) Any admissions charged to hear gospel singing when
1617 promoted by a duly constituted local, bona fide nonprofit
1618 charitable or religious organization, irrespective of the fact
1619 that the performers and promoters are paid out of the proceeds of
1620 admissions collected, provided the program is composed entirely of
1621 gospel singing and not generally mixed with hillbilly or popular
1622 singing;

1623 (c) Any admissions charged at any athletic games or
1624 contests between high schools or between grammar schools;

1625 (d) Any admissions or tickets to or for baseball games
1626 between teams operated under a professional league franchise;

1627 (e) Any admissions to county, state or community fairs,
1628 or any admissions to entertainments presented in community homes
1629 or houses which are publicly owned and controlled, and the
1630 proceeds of which do not inure to any individual or individuals;

1631 (f) Any admissions or tickets to organized garden
1632 pilgrimages and to antebellum and historic houses when sponsored
1633 by an organized civic or garden club;

1634 (g) Any admissions to any golf tournament held under

1635 the auspices of the Professional Golf Association or United States
1636 Golf Association wherein touring professionals compete, if such
1637 tournament is sponsored by a nonprofit association incorporated
1638 under the laws of the State of Mississippi where no dividends are
1639 declared and the proceeds do not inure to any individual or group;

1640 (h) Any admissions to university or community college
1641 conference, state, regional or national playoffs or championships;

1642 (i) Any admissions or fees charged by any county or
1643 municipally owned and operated swimming pools, golf courses and
1644 tennis courts other than sales or rental of tangible personal
1645 property;

1646 (j) Any admissions charged for the performance of
1647 symphony orchestras, operas, vocal or instrumental artists in
1648 which professional or amateur performers are compensated out of
1649 the proceeds of such admissions, when sponsored by local music or
1650 charity associations, or amateur dramatic performances or
1651 professional dramatic productions when sponsored by a children's
1652 dramatic association, where no dividends are declared, profits
1653 received, nor any salary or compensation paid to any of the
1654 members of such associations, or to any person for procuring or
1655 producing such performance; and

1656 (k) Any admissions or tickets to or for hockey games
1657 between teams operated under a professional league franchise.

1658 SECTION 21. Section 27-65-23, Mississippi Code of 1972, is
1659 brought forward as follows:

1660 27-65-23. Upon every person engaging or continuing in any of
1661 the following businesses or activities there is hereby levied,
1662 assessed and shall be collected a tax equal to seven percent (7%)
1663 of the gross income of the business, except as otherwise provided:

1664 Air conditioning installation or repairs;

1665 Automobile, aircraft, motorcycle, boat or any other
1666 vehicle repairing or servicing;

1667 Billiards, pool or domino parlors;

1668 Bowling or tenpin alleys;

1669 Burglar and fire alarm systems or services;
1670 Car washing--automatic, self-service, or manual;
1671 Computer software sales and services;
1672 Cotton compresses or cotton warehouses;
1673 Custom creosoting or treating, custom planing, custom
1674 sawing;
1675 Custom meat processing;
1676 Electricians, electrical work, wiring, all repairs or
1677 installation of electrical equipment;
1678 Elevator or escalator installing, repairing or servicing;
1679 Film developing or photo finishing;
1680 Foundries, machine or general repairing;
1681 Furniture repairing or upholstering;
1682 Grading, excavating, ditching, dredging or landscaping;
1683 Hotels, motels, tourist courts or camps, trailer parks;
1684 Insulating services or repairs;
1685 Jewelry or watch repairing;
1686 Laundering, cleaning, pressing or dyeing;
1687 Marina services;
1688 Mattress renovating;
1689 Office and business machine repairing;
1690 Parking garages and lots;
1691 Plumbing or pipe fitting;
1692 Public storage warehouses;
1693 Refrigerating equipment repairs;
1694 Radio or television installing, repairing, or servicing;
1695 Renting or leasing personal property used within this
1696 state;
1697 Services performed in connection with geophysical
1698 surveying, exploring, developing, drilling, producing,
1699 distributing, or testing of oil, gas, water and other mineral
1700 resources;
1701 Shoe repairing;
1702 Storage lockers;

1703 Telephone answering or paging services;
1704 Termite or pest control services;
1705 Tin and sheet metal shops;
1706 TV cable systems, subscription TV services, and other
1707 similar activities;
1708 Vulcanizing, repairing or recapping of tires or tubes;
1709 Welding; and
1710 Woodworking or wood turning shops.

1711 Income from services taxed herein performed for electric
1712 power associations in the ordinary and necessary operation of
1713 their generating or distribution systems shall be taxed at the
1714 rate of one percent (1%).

1715 Income from services taxed herein performed on materials for
1716 use in track or track structures to a railroad whose rates are
1717 fixed by the Interstate Commerce Commission or the Mississippi
1718 Public Service Commission shall be taxed at the rate of three
1719 percent (3%).

1720 Income from renting or leasing tangible personal property
1721 used within this state shall be taxed at the same rates as sales
1722 of the same property.

1723 Persons doing business in this state who rent transportation
1724 equipment with a situs within or without the state to common,
1725 contract or private commercial carriers are taxed on that part of
1726 the income derived from use within this state. If specific
1727 accounting is impracticable, a formula may be used with approval
1728 of the commissioner.

1729 A lessor may deduct from the tax computed on the rental
1730 income from tangible personal property a credit for sales or use
1731 tax paid to this state at the time of purchase of the specific
1732 personal property being leased or rented until such credit has
1733 been exhausted.

1734 Charges for custom processing and repairing services may be
1735 excluded from gross taxable income when the property on which the
1736 service was performed is delivered to the customer in another

1737 state either by common carrier or in the seller's equipment.

1738 When a taxpayer performs unitary services covered by this
1739 section, which are performed both in intrastate and interstate
1740 commerce, the commissioner is hereby invested with authority to
1741 formulate in each particular case and to fix for such taxpayer in
1742 each instance formulae of apportionment which will apportion to
1743 this state, for taxation, that portion of the services which are
1744 performed within the State of Mississippi.

1745 SECTION 22. Section 27-65-24, Mississippi Code of 1972, is
1746 brought forward as follows:

1747 27-65-24. Upon every person engaging or continuing within
1748 this state in the business of selling machinery, machine parts
1749 and/or equipment to an operator or lessee of any structures,
1750 facilities and lands acquired and operated or leased pursuant to
1751 any of the provisions of Chapter 9, Title 59, Mississippi Code of
1752 1972, which machinery, machine parts and/or equipment is to be
1753 located on and used exclusively and directly in the operation of
1754 such structures, facilities and lands, there is hereby levied,
1755 assessed and shall be collected a tax equal to one and one-half
1756 percent (1-1/2%) of the gross proceeds of such retail sales of the
1757 business.

1758 SECTION 23. Section 27-65-25, Mississippi Code of 1972, is
1759 brought forward as follows:

1760 27-65-25. Upon every person engaging or continuing within
1761 this state in the business of selling alcoholic beverages, the
1762 sales of which are legal under the provisions of Chapter 1 of
1763 Title 67, Mississippi Code of 1972, there is hereby levied,
1764 assessed and shall be collected a tax equal to seven percent (7%)
1765 of the gross proceeds of the retail sales of the business. All
1766 sales at wholesale to retailers shall be taxed at the same rate as
1767 provided in this section for retail sales. A retailer in
1768 computing the tax on sales may take credit for the amount of the
1769 tax paid to the wholesaler at the rates provided herein and remit
1770 the difference to the commissioner, provided adequate records and

1771 all invoices are maintained to substantiate the credit claimed.

1772 SECTION 24. Section 27-65-75, Mississippi Code of 1972, is
1773 brought forward as follows:

1774 **[Until July 1, 2002, this section reads as follows:]**

1775 27-65-75. On or before the fifteenth day of each month, the
1776 revenue collected under the provisions of this chapter during the
1777 preceding month shall be paid and distributed as follows:

1778 (1) On or before August 15, 1992, and each succeeding month
1779 thereafter through July 15, 1993, eighteen percent (18%) of the
1780 total sales tax revenue collected during the preceding month under
1781 the provisions of this chapter, except that collected under the
1782 provisions of Sections 27-65-15, 27-65-19(3) and 27-65-21, on
1783 business activities within a municipal corporation shall be
1784 allocated for distribution to such municipality and paid to such
1785 municipal corporation. On or before August 15, 1993, and each
1786 succeeding month thereafter, eighteen and one-half percent
1787 (18-1/2%) of the total sales tax revenue collected during the
1788 preceding month under the provisions of this chapter, except that
1789 collected under the provisions of Sections 27-65-15, 27-65-19(3)
1790 and 27-65-21, on business activities within a municipal
1791 corporation shall be allocated for distribution to such
1792 municipality and paid to such municipal corporation.

1793 A municipal corporation, for the purpose of distributing the
1794 tax under this subsection, shall mean and include all incorporated
1795 cities, towns and villages.

1796 Monies allocated for distribution and credited to a municipal
1797 corporation under this subsection may be pledged as security for
1798 any loan received by the municipal corporation for the purpose of
1799 capital improvements as authorized under Section 57-1-303, or
1800 loans as authorized under Section 57-44-7, or water systems
1801 improvements as authorized under Section 41-3-16.

1802 In any county having a county seat which is not an
1803 incorporated municipality, the distribution provided hereunder
1804 shall be made as though the county seat was an incorporated

1805 municipality; however, the distribution to such municipality shall
1806 be paid to the county treasury wherein the municipality is located
1807 and such funds shall be used for road, bridge and street
1808 construction or maintenance therein.

1809 (2) On or before September 15, 1987, and each succeeding
1810 month thereafter, from the revenue collected under this chapter
1811 during the preceding month One Million One Hundred Twenty-five
1812 Thousand Dollars (\$1,125,000.00) shall be allocated for
1813 distribution to municipal corporations as defined under subsection
1814 (1) of this section in the proportion that the number of gallons
1815 of gasoline and diesel fuel sold by distributors to consumers and
1816 retailers in each such municipality during the preceding fiscal
1817 year bears to the total gallons of gasoline and diesel fuel sold
1818 by distributors to consumers and retailers in municipalities
1819 statewide during the preceding fiscal year. The State Tax
1820 Commission shall require all distributors of gasoline and diesel
1821 fuel to report to the commission monthly the total number of
1822 gallons of gasoline and diesel fuel sold by them to consumers and
1823 retailers in each municipality during the preceding month. The
1824 State Tax Commission shall have the authority to promulgate such
1825 rules and regulations as is necessary to determine the number of
1826 gallons of gasoline and diesel fuel sold by distributors to
1827 consumers and retailers in each municipality. In determining the
1828 percentage allocation of funds under this subsection for the
1829 fiscal year beginning July 1, 1987, and ending June 30, 1988, the
1830 State Tax Commission may consider gallons of gasoline and diesel
1831 fuel sold for a period of less than one (1) fiscal year. For the
1832 purposes of this subsection, the term "fiscal year" means the
1833 fiscal year beginning July 1 of a year.

1834 (3) On or before September 15, 1987, and on or before the
1835 fifteenth day of each succeeding month, until the date specified
1836 in Section 65-39-35, the proceeds derived from contractors' taxes
1837 levied under Section 27-65-21 on contracts for the construction or
1838 reconstruction of highways designated under the Four-Lane Highway

1839 Program created under Section 65-3-97 shall be deposited into the
1840 State Treasury to the credit of the State Highway Fund to be used
1841 to fund such Four-Lane Highway Program. The Mississippi
1842 Department of Transportation shall provide to the State Tax
1843 Commission such information as is necessary to determine the
1844 amount of proceeds to be distributed under this subsection.

1845 (4) On or before August 15, 1994, and on or before the
1846 fifteenth day of each succeeding month, from the proceeds of
1847 gasoline, diesel fuel or kerosene taxes as provided in Section
1848 27-5-101(a)(ii)1, Four Million Dollars (\$4,000,000.00) shall be
1849 deposited in the State Treasury to the credit of a special fund
1850 designated as the "State Aid Road Fund," created by Section
1851 65-9-17. Such funds shall be pledged to pay the principal of and
1852 interest on state aid road bonds heretofore issued under Sections
1853 19-9-51 through 19-9-77, in lieu of and in substitution for the
1854 funds heretofore allocated to counties under this section. Such
1855 funds may not be pledged for the payment of any state aid road
1856 bonds issued after April 1, 1981; however, this prohibition
1857 against the pledging of any such funds for the payment of bonds
1858 shall not apply to any bonds for which intent to issue such bonds
1859 has been published, for the first time, as provided by law prior
1860 to March 29, 1981. From the amount of taxes paid into the special
1861 fund pursuant to this subsection and subsection (9) of this
1862 section, there shall be first deducted and paid the amount
1863 necessary to pay the expenses of the Office of State Aid Road
1864 Construction, as authorized by the Legislature for all other
1865 general and special fund agencies. The remainder of the fund
1866 shall be allocated monthly to the several counties in accordance
1867 with the following formula:

1868 (a) One-third (1/3) shall be allocated to all counties
1869 in equal shares;

1870 (b) One-third (1/3) shall be allocated to counties
1871 based on the proportion that the total number of rural road miles
1872 in a county bears to the total number of rural road miles in all

1873 counties of the state; and

1874 (c) One-third (1/3) shall be allocated to counties
1875 based on the proportion that the rural population of the county
1876 bears to the total rural population in all counties of the state,
1877 according to the latest federal decennial census.

1878 For the purposes of this subsection, the term "gasoline,
1879 diesel fuel or kerosene taxes" means such taxes as defined in
1880 paragraph (f) of Section 27-5-101.

1881 The amount of funds allocated to any county under this
1882 subsection for any fiscal year after fiscal year 1994 shall not be
1883 less than the amount allocated to such county for fiscal year
1884 1994. Monies allocated to a county from the State Aid Road Fund
1885 for fiscal year 1995 or any fiscal year thereafter that exceed the
1886 amount of funds allocated to that county from the State Aid Road
1887 Fund for fiscal year 1994, first must be expended by the county
1888 for replacement or rehabilitation of bridges on the state aid road
1889 system that have a sufficiency rating of less than twenty-five
1890 (25), according to National Bridge Inspection standards before
1891 such monies may be approved for expenditure by the State Aid Road
1892 Engineer on other projects that qualify for the use of state aid
1893 road funds.

1894 Any reference in the general laws of this state or the
1895 Mississippi Code of 1972 to Section 27-5-105 shall mean and be
1896 construed to refer and apply to subsection (4) of Section
1897 27-65-75.

1898 (5) One Million Six Hundred Sixty-six Thousand Six Hundred
1899 Sixty-six Dollars (\$1,666,666.00) each month shall be paid into
1900 the special fund known as the "State Public School Building Fund"
1901 created and existing under the provisions of Sections 37-47-1
1902 through 37-47-67. Such payments into said fund are to be made on
1903 the last day of each succeeding month hereafter.

1904 (6) An amount each month beginning August 15, 1983, through
1905 November 15, 1986, as specified in Section 6 of Chapter 542, Laws
1906 of 1983, shall be paid into the special fund known as the

1907 Correctional Facilities Construction Fund created in Section 6 of
1908 Chapter 542, Laws of 1983.

1909 (7) On or before August 15, 1992, and each succeeding month
1910 thereafter, two and two hundred sixty-six one-thousandths percent
1911 (2.266%) of the total sales tax revenue collected during the
1912 preceding month under the provisions of this chapter, except that
1913 collected under the provisions of Section 27-65-17(2) shall be
1914 deposited by the commission into the School Ad Valorem Tax
1915 Reduction Fund created pursuant to Section 37-61-35.

1916 (8) On or before August 15, 1992, and each succeeding month
1917 thereafter, nine and seventy-three one-thousandths percent
1918 (9.073%) of the total sales tax revenue collected during the
1919 preceding month under the provisions of this chapter, except that
1920 collected under the provisions of Section 27-65-17(2) shall be
1921 deposited into the Education Enhancement Fund created pursuant to
1922 Section 37-61-33.

1923 (9) On or before August 15, 1994, and each succeeding month
1924 thereafter, from the revenue collected under this chapter during
1925 the preceding month, Two Hundred Fifty Thousand Dollars
1926 (\$250,000.00) shall be paid into the State Aid Road Fund.

1927 (10) On or before August 15, 1994, and each succeeding month
1928 thereafter through August 15, 1995, from the revenue collected
1929 under this chapter during the preceding month, Two Million Dollars
1930 (\$2,000,000.00) shall be deposited into the Motor Vehicle Ad
1931 Valorem Tax Reduction Fund established in Section 27-51-105.

1932 (11) Notwithstanding any other provision of this section to
1933 the contrary, on or before February 15, 1995, and each succeeding
1934 month thereafter, the sales tax revenue collected during the
1935 preceding month under the provisions of Section 27-65-17(2) and
1936 the corresponding levy in Section 27-65-23 on the rental or lease
1937 of private carriers of passengers and light carriers of property
1938 as defined in Section 27-51-101 shall be deposited, without
1939 diversion, into the Motor Vehicle Ad Valorem Tax Reduction Fund
1940 established in Section 27-51-105.

1941 (12) Notwithstanding any other provision of this section to
1942 the contrary, on or before August 15, 1995, and each succeeding
1943 month thereafter, the sales tax revenue collected during the
1944 preceding month under the provisions of Section 27-65-17(1) on
1945 retail sales of private carriers of passengers and light carriers
1946 of property, as defined in Section 27-51-101 and the corresponding
1947 levy in Section 27-65-23 on the rental or lease of these vehicles,
1948 shall be deposited, after diversion, into the Motor Vehicle Ad
1949 Valorem Tax Reduction Fund established in Section 27-51-105.

1950 (13) On or before July 15, 1994, and on or before the
1951 fifteenth day of each succeeding month thereafter, that portion of
1952 the avails of the tax imposed in Section 27-65-22, which is
1953 derived from activities held on the Mississippi state fairgrounds
1954 complex, shall be paid into a special fund hereby created in the
1955 State Treasury and shall be expended pursuant to legislative
1956 appropriations solely to defray the costs of repairs and
1957 renovation at such Trade Mart and Coliseum.

1958 (14) On or before August 15, 1998, and each succeeding month
1959 thereafter through July 15, 2005, that portion of the avails of
1960 the tax imposed in Section 27-65-23 which is derived from sales by
1961 cotton compresses or cotton warehouses and which would otherwise
1962 be paid into the General Fund, shall be deposited in an amount not
1963 to exceed Two Million Dollars (\$2,000,000.00) into the special
1964 fund created pursuant to Section 69-37-39.

1965 (15) The remainder of the amounts collected under the
1966 provisions of this chapter shall be paid into the State Treasury
1967 to the credit of the General Fund.

1968 (16) It shall be the duty of the municipal officials of any
1969 municipality which expands its limits, or of any community which
1970 incorporates as a municipality, to notify the commissioner of such
1971 action thirty (30) days before the effective date. Failure to so
1972 notify the commissioner shall cause such municipality to forfeit
1973 the revenue which it would have been entitled to receive during
1974 this period of time when the commissioner had no knowledge of the

1975 action. If any funds have been erroneously disbursed to any
1976 municipality or any overpayment of tax is recovered by the
1977 taxpayer, the commissioner may make correction and adjust the
1978 error or overpayment with such municipality by withholding the
1979 necessary funds from any subsequent payment to be made to the
1980 municipality.

1981 **[From and after July 1, 2002, this section reads as follows:]**

1982 27-65-75. On or before the fifteenth day of each month, the
1983 revenue collected under the provisions of this chapter during the
1984 preceding month shall be paid and distributed as follows:

1985 (1) On or before August 15, 1992, and each succeeding month
1986 thereafter through July 15, 1993, eighteen percent (18%) of the
1987 total sales tax revenue collected during the preceding month under
1988 the provisions of this chapter, except that collected under the
1989 provisions of Sections 27-65-15, 27-65-19(3) and 27-65-21, on
1990 business activities within a municipal corporation shall be
1991 allocated for distribution to such municipality and paid to such
1992 municipal corporation. On or before August 15, 1993, and each
1993 succeeding month thereafter, eighteen and one-half percent
1994 (18-1/2%) of the total sales tax revenue collected during the
1995 preceding month under the provisions of this chapter, except that
1996 collected under the provisions of Sections 27-65-15, 27-65-19(3)
1997 and 27-65-21, on business activities within a municipal
1998 corporation shall be allocated for distribution to such
1999 municipality and paid to such municipal corporation.

2000 A municipal corporation, for the purpose of distributing the
2001 tax under this subsection, shall mean and include all incorporated
2002 cities, towns and villages.

2003 Monies allocated for distribution and credited to a municipal
2004 corporation under this subsection may be pledged as security for
2005 any loan received by the municipal corporation for the purpose of
2006 capital improvements as authorized under Section 57-1-303, or
2007 loans as authorized under Section 57-44-7, or water systems
2008 improvements as authorized under Section 41-3-16.

2009 In any county having a county seat which is not an
2010 incorporated municipality, the distribution provided hereunder
2011 shall be made as though the county seat was an incorporated
2012 municipality; however, the distribution to such municipality shall
2013 be paid to the county treasury wherein the municipality is located
2014 and such funds shall be used for road, bridge and street
2015 construction or maintenance therein.

2016 (2) On or before September 15, 1987, and each succeeding
2017 month thereafter, from the revenue collected under this chapter
2018 during the preceding month One Million One Hundred Twenty-five
2019 Thousand Dollars (\$1,125,000.00) shall be allocated for
2020 distribution to municipal corporations as defined under subsection
2021 (1) of this section in the proportion that the number of gallons
2022 of gasoline and diesel fuel sold by distributors to consumers and
2023 retailers in each such municipality during the preceding fiscal
2024 year bears to the total gallons of gasoline and diesel fuel sold
2025 by distributors to consumers and retailers in municipalities
2026 statewide during the preceding fiscal year. The State Tax
2027 Commission shall require all distributors of gasoline and diesel
2028 fuel to report to the commission monthly the total number of
2029 gallons of gasoline and diesel fuel sold by them to consumers and
2030 retailers in each municipality during the preceding month. The
2031 State Tax Commission shall have the authority to promulgate such
2032 rules and regulations as is necessary to determine the number of
2033 gallons of gasoline and diesel fuel sold by distributors to
2034 consumers and retailers in each municipality. In determining the
2035 percentage allocation of funds under this subsection for the
2036 fiscal year beginning July 1, 1987, and ending June 30, 1988, the
2037 State Tax Commission may consider gallons of gasoline and diesel
2038 fuel sold for a period of less than one (1) fiscal year. For the
2039 purposes of this subsection, the term "fiscal year" means the
2040 fiscal year beginning July 1 of a year.

2041 (3) On or before September 15, 1987, and on or before the
2042 fifteenth day of each succeeding month, until the date specified

2043 in Section 65-39-35, the proceeds derived from contractors' taxes
2044 levied under Section 27-65-21 on contracts for the construction or
2045 reconstruction of highways designated under the Four-Lane Highway
2046 Program created under Section 65-3-97 shall be deposited into the
2047 State Treasury to the credit of the State Highway Fund to be used
2048 to fund such Four-Lane Highway Program. The Mississippi
2049 Department of Transportation shall provide to the State Tax
2050 Commission such information as is necessary to determine the
2051 amount of proceeds to be distributed under this subsection.

2052 (4) On or before August 15, 1994, and on or before the
2053 fifteenth day of each succeeding month, from the proceeds of
2054 gasoline, diesel fuel or kerosene taxes as provided in Section
2055 27-5-101(a)(ii)1, Four Million Dollars (\$4,000,000.00) shall be
2056 deposited in the State Treasury to the credit of a special fund
2057 designated as the "State Aid Road Fund," created by Section
2058 65-9-17. Such funds shall be pledged to pay the principal of and
2059 interest on state aid road bonds heretofore issued under Sections
2060 19-9-51 through 19-9-77, in lieu of and in substitution for the
2061 funds heretofore allocated to counties under this section. Such
2062 funds may not be pledged for the payment of any state aid road
2063 bonds issued after April 1, 1981; however, this prohibition
2064 against the pledging of any such funds for the payment of bonds
2065 shall not apply to any bonds for which intent to issue such bonds
2066 has been published, for the first time, as provided by law prior
2067 to March 29, 1981. From the amount of taxes paid into the special
2068 fund pursuant to this subsection and subsection (9) of this
2069 section, there shall be first deducted and paid the amount
2070 necessary to pay the expenses of the Office of State Aid Road
2071 Construction, as authorized by the Legislature for all other
2072 general and special fund agencies. The remainder of the fund
2073 shall be allocated monthly to the several counties in accordance
2074 with the following formula:

2075 (a) One-third (1/3) shall be allocated to all counties
2076 in equal shares;

2077 (b) One-third (1/3) shall be allocated to counties
2078 based on the proportion that the total number of rural road miles
2079 in a county bears to the total number of rural road miles in all
2080 counties of the state; and

2081 (c) One-third (1/3) shall be allocated to counties
2082 based on the proportion that the rural population of the county
2083 bears to the total rural population in all counties of the state,
2084 according to the latest federal decennial census.

2085 For the purposes of this subsection, the term "gasoline,
2086 diesel fuel or kerosene taxes" means such taxes as defined in
2087 paragraph (f) of Section 27-5-101.

2088 The amount of funds allocated to any county under this
2089 subsection for any fiscal year after fiscal year 1994 shall not be
2090 less than the amount allocated to such county for fiscal year
2091 1994. Monies allocated to a county from the State Aid Road Fund
2092 for fiscal year 1995 or any fiscal year thereafter that exceed the
2093 amount of funds allocated to that county from the State Aid Road
2094 Fund for fiscal year 1994, first must be expended by the county
2095 for replacement or rehabilitation of bridges on the state aid road
2096 system that have a sufficiency rating of less than twenty-five
2097 (25), according to National Bridge Inspection standards before
2098 such monies may be approved for expenditure by the State Aid Road
2099 Engineer on other projects that qualify for the use of state aid
2100 road funds.

2101 Any reference in the general laws of this state or the
2102 Mississippi Code of 1972 to Section 27-5-105 shall mean and be
2103 construed to refer and apply to subsection (4) of Section
2104 27-65-75.

2105 (5) One Million Six Hundred Sixty-six Thousand Six Hundred
2106 Sixty-six Dollars (\$1,666,666.00) each month shall be paid into
2107 the special fund known as the "State Public School Building Fund"
2108 created and existing under the provisions of Sections 37-47-1
2109 through 37-47-67. Such payments into said fund are to be made on
2110 the last day of each succeeding month hereafter.

2111 (6) An amount each month beginning August 15, 1983, through
2112 November 15, 1986, as specified in Section 6 of Chapter 542, Laws
2113 of 1983, shall be paid into the special fund known as the
2114 Correctional Facilities Construction Fund created in Section 6 of
2115 Chapter 542, Laws of 1983.

2116 (7) On or before August 15, 1992, and each succeeding month
2117 thereafter, two and two hundred sixty-six one-thousandths percent
2118 (2.266%) of the total sales tax revenue collected during the
2119 preceding month under the provisions of this chapter, except that
2120 collected under the provisions of Section 27-65-17(2), not to
2121 exceed the fiscal year 1997 appropriated level shall be deposited
2122 by the commission into the School Ad Valorem Tax Reduction Fund
2123 created pursuant to Section 37-61-35, with the balance to be
2124 transferred to the Education Enhancement Fund created under
2125 Section 37-61-33 for appropriation by the Legislature as other
2126 education needs and not subject to the percentage set asides set
2127 forth in Section 37-61-33.

2128 (8) On or before August 15, 1992, and each succeeding month
2129 thereafter, nine and seventy-three one-thousandths percent
2130 (9.073%) of the total sales tax revenue collected during the
2131 preceding month under the provisions of this chapter, except that
2132 collected under the provisions of Section 27-65-17(2) shall be
2133 deposited into the Education Enhancement Fund created pursuant to
2134 Section 37-61-33.

2135 (9) On or before August 15, 1994, and each succeeding month
2136 thereafter, from the revenue collected under this chapter during
2137 the preceding month, Two Hundred Fifty Thousand Dollars
2138 (\$250,000.00) shall be paid into the State Aid Road Fund.

2139 (10) On or before August 15, 1994, and each succeeding month
2140 thereafter through August 15, 1995, from the revenue collected
2141 under this chapter during the preceding month, Two Million Dollars
2142 (\$2,000,000.00) shall be deposited into the Motor Vehicle Ad
2143 Valorem Tax Reduction Fund established in Section 27-51-105.

2144 (11) Notwithstanding any other provision of this section to

2145 the contrary, on or before February 15, 1995, and each succeeding
2146 month thereafter, the sales tax revenue collected during the
2147 preceding month under the provisions of Section 27-65-17(2) shall
2148 be deposited, without diversion, into the Motor Vehicle Ad Valorem
2149 Tax Reduction Fund established in Section 27-51-105.

2150 (12) Notwithstanding any other provision of this section to
2151 the contrary, on or before August 15, 1995, and each succeeding
2152 month thereafter, the sales tax revenue collected during the
2153 preceding month under the provisions of Section 27-65-17(1) on
2154 retail sales of private carriers of passengers and light carriers
2155 of property, as defined in Section 27-51-101, shall be deposited,
2156 after diversion, into the Motor Vehicle Ad Valorem Tax Reduction
2157 Fund established in Section 27-51-105.

2158 (13) On or before July 15, 1994, and on or before the
2159 fifteenth day of each succeeding month thereafter, that portion of
2160 the avails of the tax imposed in Section 27-65-22, which is
2161 derived from activities held on the Mississippi state fairgrounds
2162 complex, shall be paid into a special fund hereby created in the
2163 State Treasury and shall be expended pursuant to legislative
2164 appropriations solely to defray the costs of repairs and
2165 renovation at such Trade Mart and Coliseum.

2166 (14) On or before August 15, 1998, and each succeeding month
2167 thereafter through July 15, 2005, that portion of the avails of
2168 the tax imposed in Section 27-65-23 which is derived from sales by
2169 cotton compresses or cotton warehouses and which would otherwise
2170 be paid into the General Fund, shall be deposited in an amount not
2171 to exceed Two Million Dollars (\$2,000,000.00) into the special
2172 fund created pursuant to Section 69-37-39.

2173 (15) The remainder of the amounts collected under the
2174 provisions of this chapter shall be paid into the State Treasury
2175 to the credit of the General Fund.

2176 (16) It shall be the duty of the municipal officials of any
2177 municipality which expands its limits, or of any community which
2178 incorporates as a municipality, to notify the commissioner of such

2179 action thirty (30) days before the effective date. Failure to so
2180 notify the commissioner shall cause such municipality to forfeit
2181 the revenue which it would have been entitled to receive during
2182 this period of time when the commissioner had no knowledge of the
2183 action. If any funds have been erroneously disbursed to any
2184 municipality or any overpayment of tax is recovered by the
2185 taxpayer, the commissioner may make correction and adjust the
2186 error or overpayment with such municipality by withholding the
2187 necessary funds from any subsequent payment to be made to the
2188 municipality.

2189 SECTION 25. Section 27-65-101, Mississippi Code of 1972, is
2190 brought forward as follows:

2191 27-65-101. (1) The exemptions from the provisions of this
2192 chapter which are of an industrial nature or which are more
2193 properly classified as industrial exemptions than any other
2194 exemption classification of this chapter shall be confined to
2195 those persons or property exempted by this section or by the
2196 provisions of the Constitution of the United States or the State
2197 of Mississippi. No industrial exemption as now provided by any
2198 other section except Section 57-3-33 shall be valid as against the
2199 tax herein levied. Any subsequent industrial exemption from the
2200 tax levied hereunder shall be provided by amendment to this
2201 section. No exemption provided in this section shall apply to
2202 taxes levied by Section 27-65-15 or 27-65-21.

2203 The tax levied by this chapter shall not apply to the
2204 following:

2205 (a) Sales of boxes, crates, cartons, cans, bottles and
2206 other packaging materials to manufacturers and wholesalers for use
2207 as containers or shipping materials to accompany goods sold by
2208 said manufacturers or wholesalers where possession thereof will
2209 pass to the customer at the time of sale of the goods contained
2210 therein and sales to anyone of containers or shipping materials
2211 for use in ships engaged in international commerce.

2212 (b) Sales of raw materials, catalysts, processing

2213 chemicals, welding gases or other industrial processing gases
2214 (except natural gas) to a manufacturer for use directly in
2215 manufacturing or processing a product for sale or rental or
2216 repairing or reconditioning vessels or barges of fifty (50) tons
2217 load displacement and over. This exemption shall not apply to any
2218 property used as fuel except to the extent that such fuel
2219 comprises by-products which have no market value.

2220 (c) The gross proceeds of sales of dry docks, offshore
2221 drilling equipment for use in oil exploitation or production,
2222 vessels or barges of fifty (50) tons load displacement and over,
2223 when sold by the manufacturer or builder thereof.

2224 (d) Sales to commercial fishermen of commercial fishing
2225 boats of over five (5) tons load displacement and not more than
2226 fifty (50) tons load displacement as registered with the U.S.
2227 Coast Guard and licensed by the Mississippi Marine Conservation
2228 Commission.

2229 (e) The gross income from repairs to vessels and barges
2230 engaged in foreign trade or interstate transportation.

2231 (f) Sales of petroleum products to vessels or barges
2232 for consumption in marine international commerce or interstate
2233 transportation businesses.

2234 (g) Sales and rentals of rail rolling stock (and
2235 component parts thereof) for ultimate use in interstate commerce
2236 and gross income from services with respect to manufacturing,
2237 repairing, cleaning, altering, reconditioning or improving such
2238 rail rolling stock (and component parts thereof).

2239 (h) Sales of raw materials, catalysts, processing
2240 chemicals, welding gases or other industrial processing gases
2241 (except natural gas) used or consumed directly in manufacturing,
2242 repairing, cleaning, altering, reconditioning or improving such
2243 rail rolling stock (and component parts thereof). This exemption
2244 shall not apply to any property used as fuel.

2245 (i) Machinery or tools or repair parts therefor or
2246 replacements thereof, fuel or supplies used directly in

2247 manufacturing, converting or repairing ships of three thousand
2248 (3,000) tons load displacement and over, but not to include office
2249 and plant supplies or other equipment not directly used on the
2250 ship being built, converted or repaired.

2251 (j) Sales of tangible personal property to persons
2252 operating ships in international commerce for use or consumption
2253 on board such ships. This exemption shall be limited to cases in
2254 which procedures satisfactory to the commissioner, ensuring
2255 against use in this state other than on such ships, are
2256 established.

2257 (k) Sales of materials used in the construction of a
2258 building, or any addition or improvement thereon, and sales of any
2259 machinery and equipment not later than three (3) months after the
2260 completion of construction of the building, or any addition
2261 thereon, to be used therein, to qualified businesses, as defined
2262 in Section 57-51-5, which are located in a county or portion
2263 thereof designated as an enterprise zone pursuant to Sections
2264 57-51-1 through 57-51-15.

2265 (l) Sales of materials used in the construction of a
2266 building, or any addition or improvement thereon, and sales of any
2267 machinery and equipment not later than three (3) months after the
2268 completion of construction of the building, or any addition
2269 thereon, to be used therein, to qualified businesses, as defined
2270 in Section 57-54-5.

2271 (m) Income from storage and handling of perishable
2272 goods by a public storage warehouse.

2273 (n) The value of natural gas lawfully injected into the
2274 earth for cycling, repressuring or lifting of oil, or lawfully
2275 vented or flared in connection with the production of oil;
2276 however, if any gas so injected into the earth is sold for such
2277 purposes, then the gas so sold shall not be exempt.

2278 (o) The gross collections from self-service commercial
2279 laundering, drying, cleaning and pressing equipment.

2280 (p) Sales of materials used in the construction of a

2281 building, or any addition or improvement thereon, and sales of any
2282 machinery and equipment not later than three (3) months after the
2283 completion of construction of the building, or any addition
2284 thereon, to be used therein, to qualified companies, certified as
2285 such by the Mississippi Department of Economic and Community
2286 Development under Section 57-53-1.

2287 (q) Sales of component materials used in the
2288 construction of a building, or any addition or improvement
2289 thereon, sales of machinery and equipment to be used therein, and
2290 sales of manufacturing or processing machinery and equipment which
2291 is permanently attached to the ground or to a permanent foundation
2292 and which is not by its nature intended to be housed within a
2293 building structure, not later than three (3) months after the
2294 initial start-up date, to permanent business enterprises engaging
2295 in manufacturing or processing in less developed areas (as such
2296 term is defined in Section 57-73-5), which businesses are
2297 certified by the State Tax Commission as being eligible for the
2298 exemption granted in this paragraph (q).

2299 (r) Sales of component materials used in the
2300 construction of a building, or any addition or improvement
2301 thereon, and sales of any machinery and equipment not later than
2302 three (3) months after the completion of the building, addition or
2303 improvement thereon, to be used therein, for any company
2304 establishing or transferring its national or regional headquarters
2305 from within or outside the State of Mississippi and creating a
2306 minimum of thirty-five (35) jobs at the new headquarters in this
2307 state. The Tax Commission shall establish criteria and prescribe
2308 procedures to determine if a company qualifies as a national or
2309 regional headquarters for the purpose of receiving the exemption
2310 provided in this paragraph.

2311 (s) The gross proceeds from the sale of semitrailers,
2312 trailers, boats, travel trailers, motorcycles and all-terrain
2313 cycles if exported from this state within forty-eight (48) hours
2314 and registered and first used in another state.

2315 (t) Gross income from the storage and handling of
2316 natural gas in underground salt domes and in other underground
2317 reservoirs, caverns, structures and formations suitable for such
2318 storage.

2319 (u) Sales between July 1, 1993, and June 30, 1994, of
2320 machinery and equipment to corporations qualified as tax-exempt
2321 organizations under Section 501(c)(4) of the Internal Revenue Code
2322 and established in response to the Federal Oil Pollution Act of
2323 1990 to provide a private capability to respond to major oil
2324 spills. For purposes of this exemption, "machinery and equipment"
2325 means property with a useful life of at least three (3) years
2326 which is used primarily in the operations of the Marine Oil Spill
2327 Response Corporation and shall include, without limitation,
2328 vessels, barges, booms and skimmers. This paragraph shall stand
2329 repealed on July 1, 1995.

2330 (2) Sales of component materials used in the construction of
2331 a building, or any addition or improvement thereon, sales of
2332 machinery and equipment to be used therein, and sales of
2333 manufacturing or processing machinery and equipment which is
2334 permanently attached to the ground or to a permanent foundation
2335 and which is not by its nature intended to be housed within a
2336 building structure, not later than three (3) months after the
2337 initial start-up date, to permanent business enterprises engaging
2338 in manufacturing or processing in moderately developed areas and
2339 developed areas (as such areas are designated in accordance with
2340 Section 57-73-21), which businesses are certified by the State Tax
2341 Commission as being eligible for the exemption granted in this
2342 paragraph, shall be exempt from one-half (1/2) of the taxes
2343 imposed on such transactions under this chapter.

2344 SECTION 26. Section 27-65-103, Mississippi Code of 1972, is
2345 brought forward as follows:

2346 27-65-103. The exemptions from the provisions of this
2347 chapter which are of an agricultural nature or which are more
2348 properly classified as agricultural exemptions than any other

2349 exemption classification of this chapter shall be confined to
2350 those persons or property exempted by this section or by
2351 provisions of the Constitution of the United States or the State
2352 of Mississippi. No agricultural exemption as now provided by any
2353 other section shall be valid as against the tax herein levied.
2354 Any subsequent agricultural exemption from the tax levied
2355 hereunder shall be provided by amendment to this section.

2356 No exemption provided in this section shall apply to taxes
2357 levied by Section 27-65-15 or 27-65-21, Mississippi Code of 1972.

2358 The tax levied by this chapter shall not apply to the
2359 following:

2360 (a) The gross proceeds of sales of lint cotton, seed
2361 cotton, baled cotton, whether compressed or not, and cottonseed
2362 and soybeans in their original condition. Retail sales of seeds,
2363 livestock feed, poultry feed, fish feed and fertilizers. Sales of
2364 defoliants, insecticides, fungicides, herbicides and baby chicks
2365 used in growing agricultural products for market. Bagging and
2366 ties for baling cotton, hay baling wire and twine, boxes, bags and
2367 cans used in growing or preparing agricultural products for market
2368 when possession thereof will pass to the customer at the time of
2369 sale of the product contained therein. Sales of ice to commercial
2370 fishermen purchased for use in the preservation of seafood or to
2371 producers for use in the refrigeration of vegetables for market.

2372 (b) The sales by producers of livestock, poultry, fish
2373 or other products of farm, grove or garden when such products are
2374 sold in the original state or condition of preparation for sale
2375 before such products are subjected to any other process within a
2376 class of business or sold by a producer through an established
2377 store, as defined in the Privilege Tax Law. Provided, however,
2378 that this exemption shall not apply to ornamental plants which
2379 bear no fruit of commercial value. All sales by agricultural
2380 cooperative associations organized under Article 9 of Chapter 7 of
2381 Title 69, or under Chapters 17 or 19 of Title 79, Mississippi Code
2382 of 1972, of agricultural products produced by members for market

2383 before such products are subjected to any manufacturing process.

2384 (c) The gross proceeds of retail sales of mules, horses
2385 and other livestock.

2386 (d) Income from grading, excavating, ditching, dredging
2387 or landscaping activities performed for a farmer on a farm for
2388 agricultural or soil erosion purposes.

2389 (e) The gross proceeds of sales of all antibiotics,
2390 hormones and hormone preparations, drugs, medicines and other
2391 medications including serums and vaccines, vitamins, minerals or
2392 other nutrients for use in the production and growing of fish,
2393 livestock and poultry by whomever sold. Such exemption shall be
2394 in addition to the exemption provided in this section for feed for
2395 fish, livestock and poultry.

2396 SECTION 27. Section 27-65-105, Mississippi Code of 1972, is
2397 brought forward as follows:

2398 27-65-105. The exemption from the provisions of this chapter
2399 which are of a governmental nature or which are more properly
2400 classified as governmental exemptions than any other exemption
2401 classification of this chapter shall be confined to those persons
2402 or property exempted by this section or by provisions of the
2403 Constitutions of the United States or the State of Mississippi. No
2404 governmental exemption as now provided by any other section shall
2405 be valid as against the tax herein levied. Any subsequent
2406 governmental exemption from the tax levied hereunder shall be
2407 provided by amendment to this section.

2408 No exemption provided in this section shall apply to taxes
2409 levied by Section 27-65-15 or 27-65-21, Mississippi Code of 1972,
2410 except as provided by subsection (f) of this section.

2411 The tax levied by this chapter shall not apply to the
2412 following:

2413 (a) Sales of property, labor or services taxable under
2414 Sections 27-65-17, 27-65-19 and 27-65-23, when sold to and billed
2415 directly to and payment therefor is made directly by the United
2416 States government, the State of Mississippi and its departments,

2417 institutions, counties and municipalities or departments or school
2418 districts of said counties and municipalities.

2419 The exemption from the tax imposed under this chapter shall
2420 not apply to sales of tangible personal property, labor or
2421 services to contractors purchasing in the performance of contracts
2422 with the United States, the State of Mississippi, counties and
2423 municipalities.

2424 (b) Sales to schools, when such schools are supported
2425 wholly or in part by funds provided by the State of Mississippi,
2426 provided that this exemption does not apply to sales of property
2427 which is not to be used in the ordinary operation of the school,
2428 or which is to be resold to the students or the public.

2429 (c) Amounts received from the sale of school textbooks
2430 to students.

2431 (d) Sales to the Mississippi Band of Choctaw Indians,
2432 but not to Indians individually.

2433 (e) Sales of fire fighting equipment to governmental
2434 fire departments or volunteer fire departments for their use.

2435 (f) Sales of any gas from any project, as defined in
2436 the Municipal Gas Authority of Mississippi Law, to any
2437 municipality shall not be subject to sales, use or other tax.

2438 SECTION 28. Section 27-65-107, Mississippi Code of 1972, is
2439 brought forward as follows:

2440 27-65-107. The exemptions from the provisions of this
2441 chapter which relate to utilities or which are more properly
2442 classified as utility exemptions than any other exemption
2443 classification of this chapter shall be confined to those persons
2444 or property exempted by this section or by provisions of the
2445 Constitutions of the United States or the State of Mississippi.
2446 No utility exemption as now provided by any other section shall be
2447 valid as against the tax herein levied. Any subsequent utility
2448 exemption from the tax levied hereunder shall be provided by
2449 amendment to this section.

2450 No exemption provided in this section shall apply to taxes

2451 levied by Section 27-65-15 or 27-65-21, Mississippi Code of 1972.

2452 The tax levied by this chapter shall not apply to the
2453 following:

2454 (a) Sales and rentals of locomotives, rail rolling
2455 stock and materials for their repair, locomotive water, when made
2456 to a railroad whose rates are fixed by the Interstate Commerce
2457 Commission or the Mississippi Public Service Commission.

2458 (b) Rentals of manufacturing machinery to a
2459 manufacturer or custom processor where such manufacturer or custom
2460 processor is engaged in, and such machinery is used in, the
2461 manufacture of containers made from timber or wood for sale. The
2462 tax, likewise, shall not apply to replacement or repair parts of
2463 such machinery used in such manufacture.

2464 (c) Sales of tangible personal property and services to
2465 nonprofit water associations or corporations in which no part of
2466 the net earnings inures to the benefit of any private shareholder,
2467 group or individual. Only sales of property or services which are
2468 ordinary and necessary to the operation of such organizations are
2469 exempt from tax.

2470 (d) Wholesale sales of tangible personal property for
2471 resale under Section 27-65-19.

2472 (e) From and after July 1, 2003, sales of fuel used to
2473 produce electric power by a company primarily engaged in the
2474 business of producing, generating or distributing electric power
2475 for sale.

2476 SECTION 29. Section 27-65-109, Mississippi Code of 1972, is
2477 brought forward as follows:

2478 27-65-109. The exemptions from the provisions of this
2479 chapter which relate to taxes or which are more properly
2480 classified as tax exemptions than any other exemption
2481 classification of this chapter shall be confined to those persons
2482 or property exempted by this section or by provisions of the
2483 Constitutions of the United States or the State of Mississippi. No
2484 tax exemption as now provided by any other section shall be valid

2485 as against the tax herein levied. Any subsequent tax exemption
2486 from the tax levied hereunder shall be provided by amendment to
2487 this section.

2488 No exemption provided in this section shall apply to taxes
2489 levied by Sections 27-65-15 or 27-65-21, Mississippi Code of 1972.

2490 The tax levied by this chapter shall not apply to the
2491 following:

2492 (a) Federal retailers excise taxes, federal tax levied
2493 on income from transportation, telegraphic dispatches, telephone
2494 conversations and electric energy.

2495 (b) The State of Mississippi gasoline tax on gasoline
2496 sold by a distributor for nonhighway use which is refunded by the
2497 Motor Vehicle Comptroller.

2498 SECTION 30. Section 27-65-111, Mississippi Code of 1972, is
2499 brought forward as follows:

2500 27-65-111. The exemptions from the provisions of this
2501 chapter which are not industrial, agricultural or governmental, or
2502 which do not relate to utilities or taxes, or which are not
2503 properly classified as one of the exemption classifications of
2504 this chapter, shall be confined to persons or property exempted by
2505 this section or by the Constitution of the United States or the
2506 State of Mississippi. No exemptions as now provided by any other
2507 section, except the classified exemption sections of this chapter
2508 set forth herein, shall be valid as against the tax herein levied.
2509 Any subsequent exemption from the tax levied hereunder, except as
2510 indicated above, shall be provided by amendments to this section.

2511 No exemption provided in this section shall apply to taxes
2512 levied by Section 27-65-15 or 27-65-21, Mississippi Code of 1972.

2513 The tax levied by this chapter shall not apply to the
2514 following:

2515 (a) Sales of tangible personal property and services to
2516 hospitals or infirmaries owned and operated by a corporation or
2517 association in which no part of the net earnings inures to the
2518 benefit of any private shareholder, group or individual, and which

2519 are subject to and governed by Sections 41-7-123 through 41-7-127.

2520 Only sales of tangible personal property or services which
2521 are ordinary and necessary to the operation of such hospitals and
2522 infirmaries are exempted from tax.

2523 (b) Sales of daily or weekly newspapers, and
2524 periodicals or publications of scientific, literary or educational
2525 organizations exempt from federal income taxation under Section
2526 501(c)(3) of the Internal Revenue Code of 1954, as it exists as of
2527 March 31, 1975, and subscription sales of all magazines.

2528 (c) Sales of coffins, caskets and other materials used
2529 in the preparation of human bodies for burial.

2530 (d) Sales of tangible personal property for immediate
2531 export to a foreign country.

2532 (e) Sales of tangible personal property to an
2533 orphanage, old men's or ladies' home, supported wholly or in part
2534 by a religious denomination, fraternal nonprofit organization or
2535 other nonprofit organization.

2536 (f) Sales of tangible personal property, labor or
2537 services taxable under Sections 27-65-17, 27-65-19, and 27-65-23,
2538 to a YMCA, YWCA, a Boys' or Girls' Club owned and operated by a
2539 corporation or association in which no part of the net earnings
2540 inures to the benefit of any private shareholder, group or
2541 individual.

2542 (g) Sales to elementary and secondary grade schools,
2543 junior and senior colleges owned and operated by a corporation or
2544 association in which no part of the net earnings inures to the
2545 benefit of any private shareholder, group or individual, and which
2546 are exempt from state income taxation, provided that this
2547 exemption does not apply to sales of property or services which
2548 are not to be used in the ordinary operation of the school, or
2549 which are to be resold to the students or the public.

2550 (h) The gross proceeds of retail sales and the use or
2551 consumption in this state of drugs and medicines:

2552 (i) Prescribed for the treatment of a human being

2553 by a person authorized to prescribe the medicines, and dispensed
2554 or prescription filled by a registered pharmacist in accordance
2555 with law; or

2556 (ii) Furnished by a licensed physician, surgeon,
2557 dentist or podiatrist to his own patient for treatment of the
2558 patient; or

2559 (iii) Furnished by a hospital for treatment of any
2560 person pursuant to the order of a licensed physician, surgeon,
2561 dentist or podiatrist; or

2562 (iv) Sold to a licensed physician, surgeon,
2563 podiatrist, dentist or hospital for the treatment of a human
2564 being; or

2565 (v) Sold to this state or any political
2566 subdivision or municipal corporation thereof, for use in the
2567 treatment of a human being or furnished for the treatment of a
2568 human being by a medical facility or clinic maintained by this
2569 state or any political subdivision or municipal corporation
2570 thereof.

2571 "Medicines," as used in this paragraph, shall mean and
2572 include any substance or preparation intended for use by external
2573 or internal application to the human body in the diagnosis, cure,
2574 mitigation, treatment or prevention of disease and which is
2575 commonly recognized as a substance or preparation intended for
2576 such use; provided that "medicines" do not include any auditory,
2577 prosthetic, ophthalmic or ocular device or appliance, any dentures
2578 or parts thereof or any artificial limbs or their replacement
2579 parts, articles which are in the nature of splints, bandages,
2580 pads, compresses, supports, dressings, instruments, apparatus,
2581 contrivances, appliances, devices or other mechanical, electronic,
2582 optical or physical equipment or article or the component parts
2583 and accessories thereof, or any alcoholic beverage or any other
2584 drug or medicine not commonly referred to as a prescription drug.

2585 Notwithstanding the preceding sentence of this subsection,
2586 "medicines" as used in this subsection, shall mean and include

2587 sutures, whether or not permanently implanted, bone screws, bone
2588 pins, pacemakers and other articles permanently implanted in the
2589 human body to assist the functioning of any natural organ, artery,
2590 vein or limb and which remain or dissolve in the body.

2591 "Hospital," as used in this paragraph, shall have the meaning
2592 ascribed to it in Section 41-9-3, Mississippi Code of 1972.

2593 Insulin furnished by a registered pharmacist to a person for
2594 treatment of diabetes as directed by a physician shall be deemed
2595 to be dispensed on prescription within the meaning of this
2596 subsection.

2597 (i) Retail sales of automobiles, trucks and
2598 truck-tractors if exported from this state within forty-eight (48)
2599 hours and registered and first used in another state.

2600 (j) Sales of tangible personal property or services to
2601 the Salvation Army and the Muscular Dystrophy Association, Inc.

2602 (k) From July 1, 1985, through December 31, 1992,
2603 retail sales of "alcohol blended fuel" as such term is defined in
2604 Section 75-55-5. The gasoline-alcohol blend or the straight
2605 alcohol eligible for this exemption shall not contain alcohol
2606 distilled outside the State of Mississippi.

2607 (l) Sales of tangible personal property or services to
2608 the Institute for Technology Development.

2609 (m) The gross proceeds of retail sales of food and
2610 drink for human consumption made through vending machines serviced
2611 by full line vendors from and not connected with other taxable
2612 businesses.

2613 (n) The gross proceeds of sales of motor fuel.

2614 (o) Retail sales of food for human consumption
2615 purchased with food stamps issued by the United States Department
2616 of Agriculture, or other federal agency, from and after October 1,
2617 1987, or from and after the expiration of any waiver granted
2618 pursuant to federal law, the effect of which waiver is to permit
2619 the collection by the state of tax on such retail sales of food
2620 for human consumption purchased with food stamps.

2621 (p) Sales of cookies for human consumption by the Girl
2622 Scouts of America no part of the net earnings from which sales
2623 inures to the benefit of any private group or individual.

2624 (q) Gifts or sales of tangible personal property or
2625 services to public or private nonprofit museums of art.

2626 (r) Sales of tangible personal property or services to
2627 alumni associations of state-supported colleges or universities.

2628 (s) Sales of tangible personal property or services to
2629 chapters of the National Association of Junior Auxiliaries, Inc.

2630 (t) Sales of tangible personal property or services to
2631 domestic violence shelters which qualify for state funding under
2632 Sections 93-21-101 through 93-21-113.

2633 (u) Sales of tangible personal property or services to
2634 the National Multiple Sclerosis Society, Mississippi Chapter.

2635 (v) Retail sales of food for human consumption
2636 purchased with food instruments issued the Mississippi Band of
2637 Choctaw Indians under the Women, Infants and Children Program
2638 (WIC) funded by the United States Department of Agriculture.

2639 (w) Sales of tangible personal property or services to
2640 a private company, as defined in Section 57-61-5, which is making
2641 such purchases with proceeds of bonds issued under Section 57-61-1
2642 et seq., the Mississippi Business Investment Act.

2643 (x) The gross collections from the operation of
2644 self-service, coin-operated car washing equipment and sales of the
2645 service of washing motor vehicles with portable high pressure
2646 washing equipment on the premises of the customer.

2647 SECTION 31. Section 27-65-201, Mississippi Code of 1972, is
2648 brought forward as follows:

2649 27-65-201. (1) For the purposes of this section, unless the
2650 context otherwise requires, the term "motor vehicle" means a motor
2651 vehicle required to be registered or licensed by the county tax
2652 collectors pursuant to Section 27-19-43, Mississippi Code of 1972.

2653 (2) Upon every person, firm or corporation purchasing other
2654 than at wholesale within this state any motor vehicle required to

2655 be registered or licensed with the tax collector of any county in
2656 this state from any person, firm or corporation which is not a
2657 licensed dealer engaged in selling motor vehicles, there shall be
2658 levied and collected a sales tax at the rate of three percent (3%)
2659 of the true value of the motor vehicle as calculated by using the
2660 most current official motor vehicle assessment schedule supplied
2661 by the State Tax Commission.

2662 (3) Upon every person, firm or corporation purchasing other
2663 than at wholesale outside the state any motor vehicle required to
2664 be registered or licensed with the tax collector of any county in
2665 this state from any person, firm or corporation which is not a
2666 licensed dealer engaged in selling motor vehicles, for use,
2667 storage or other consumption within this state there is levied a
2668 use tax at the rate of three percent (3%) of the true value of the
2669 motor vehicle as calculated by using the most current official
2670 motor vehicle assessment schedule supplied by the State Tax
2671 Commission.

2672 (4) Where any motor vehicle is taken in trade as a credit or
2673 part payment on the sale of a motor vehicle taxable under this
2674 section, the tax levied by this section shall be paid on the net
2675 difference, that is, the true value of the motor vehicle sold less
2676 the credit for the motor vehicle taken in trade.

2677 (5) The tax levied by this section shall be collected by the
2678 tax collector at the time of, and as a prerequisite to, the
2679 registration of or licensing of any such motor vehicle. The tax
2680 collector shall give to the person registering the vehicle a
2681 receipt in a form prescribed and furnished by the State Tax
2682 Commission for the amount of tax collected.

2683 (6) County tax collectors shall be liable for the tax they
2684 are required to collect, and taxes which are in fact collected,
2685 under this section and failure to properly collect or maintain
2686 proper records shall not relieve them of liability for payment to
2687 the State Tax Commission. Deficiencies in collection or payment
2688 shall be assessed against the tax collector, or his successor, in

2689 the same manner and subject to the same penalties and provisions
2690 for appeal as are deficiencies assessed against taxpayers under
2691 Chapter 65, Title 27, Mississippi Code of 1972.

2692 Each tax collector of the several counties shall, on or
2693 before the twentieth day of each month, file a report with and pay
2694 to the State Tax Commission all funds collected under the
2695 provisions of this section, less a commission of three percent
2696 (3%) which shall be retained by the tax collector as a commission
2697 for collecting such tax, and such commission shall be deposited in
2698 the county general fund. The report required to be filed shall
2699 cover all collections made during the calendar month next
2700 preceding the date on which the report is due and filed. All
2701 funds remitted to the State Tax Commission shall be deposited to
2702 the credit of the State General Fund.

2703 Any error in the report and remittance to the State Tax
2704 Commission may be adjusted on a subsequent report. If the error
2705 was in the collection by the tax collector, it shall be adjusted
2706 through the tax collector with the taxpayer before credit is
2707 allowed by the State Tax Commission.

2708 All information relating to the collection of this tax by tax
2709 collectors and such records as the State Tax Commission may
2710 require shall be preserved in the tax collector's office for a
2711 period of three (3) years for audit by the State Tax Commission.

2712 (7) The tax levied by this section shall not apply to the
2713 following:

2714 (a) Transfers of legal ownership of motor vehicles
2715 between husband and wife, parent and child, or grandparents and
2716 grandchildren, unless the transferor is a licensed dealer of motor
2717 vehicles and the transfer of the motor vehicle is made in the
2718 regular course of business.

2719 (b) Transfers of legal ownership of motor vehicles
2720 pursuant to a will or pursuant to any law providing for the
2721 distribution of the property of one dying intestate.

2722 (c) Transfers of legal ownership of motor vehicles ten

2723 (10) or more years after the date of the manufacture of such
2724 vehicle.

2725 SECTION 32. Section 27-65-231, Mississippi Code of 1972, is
2726 brought forward as follows:

2727 27-65-231. (1) In addition to the sales tax imposed in
2728 Section 27-65-23, Mississippi Code of 1972, there is hereby levied
2729 upon every person engaging or continuing in this state in the
2730 business of renting motor vehicles under rental agreements with a
2731 term of not more than thirty (30) continuous days each, a tax at
2732 the rate of six percent (6%) of the gross proceeds of such
2733 business derived from the rental of motor vehicles, except that
2734 motor vehicles with a gross vehicle weight exceeding ten thousand
2735 (10,000) pounds shall be excluded from the measure of this tax.

2736 (2) All administrative provisions of the Mississippi Sales
2737 Tax Law, including those which fix damages, penalties and interest
2738 for nonpayment of taxes, failure to file returns, and for other
2739 noncompliance with the provisions of said chapter, and all other
2740 requirements and duties imposed upon taxpayers, shall apply to all
2741 persons liable for taxes under the provisions of this section, and
2742 the commission shall exercise all the power and authority and
2743 perform all the duties with respect to taxpayers under this
2744 section as are provided in said Sales Tax Law, except that in
2745 cases of conflict, then the provisions of this section shall
2746 control.

2747 (3) On or before February 15 of each year, the proceeds of
2748 the tax imposed by this section on business rental activities
2749 shall be paid by the State Tax Commission to the county in which
2750 such proceeds were collected. Within seven (7) days after receipt
2751 of the tax proceeds, the county shall apportion and pay such tax
2752 proceeds as follows: The situs of the rental transactions from
2753 which tax proceeds were derived shall first be determined, and
2754 then the tax proceeds collected at a situs shall be distributed
2755 among the county, municipality and school district of the situs,
2756 as appropriate, in the same proportion and in the same manner that

2757 motor vehicle ad valorem taxes would be distributed among such
2758 taxing districts (based on their respective millage rates) if
2759 collected at the same time as the receipt of such proceeds and
2760 paid by a motor vehicle owner located at the same address as the
2761 situs of the rental transaction.

2762 (4) The governing authorities of the counties,
2763 municipalities and school districts may expend the proceeds of
2764 such tax for any lawful purposes.

2765 (5) The revenues received by counties and municipalities
2766 under subsection (3) of this section shall be deposited in the
2767 general fund of the counties and municipalities, and the revenues
2768 received by the school districts shall be deposited in any fund
2769 designated by the school district.

2770 (6) The revenues received by counties, municipalities and
2771 school districts under subsection (3) of this section shall be
2772 included and considered as proceeds of ad valorem taxes for the
2773 purposes of the growth limitation on ad valorem taxes under
2774 Sections 27-39-321 and 27-39-305.

2775 (7) The tax authorized herein shall be in addition to any
2776 other tax authorized by law to be levied on the business
2777 activities described in this section.

2778 SECTION 33. Section 27-67-3, Mississippi Code of 1972, is
2779 brought forward as follows:

2780 27-67-3. Whenever used in this article, the words, phrases
2781 and terms shall have the meaning ascribed to them as follows:

2782 (a) "Tax Commission" means the State Tax Commission of
2783 the State of Mississippi.

2784 (b) "Commissioner" means the Chairman of the State Tax
2785 Commission.

2786 (c) "Person" means any individual, firm, partnership,
2787 joint venture, association, corporation, estate, trust, receiver,
2788 syndicate or any other group or combination acting as a unit and
2789 includes the plural as well as the singular in number. "Person"
2790 shall also include husband or wife, or both, where joint benefits

2791 are derived from the operation of a business taxed hereunder or
2792 where joint benefits are derived from the use of property taxed
2793 hereunder.

2794 (d) "Taxpayer" means any person liable for the payment
2795 of any tax hereunder, or liable for the collection and payment of
2796 the tax.

2797 (e) "Sale" or "purchase" means the exchange of
2798 properties for money or other consideration, and the barter of
2799 properties. Every closed transaction by which title to, or
2800 possession of, tangible personal property passes shall constitute
2801 a taxable event. A transaction whereby the possession of property
2802 is transferred but the seller retains title as security for
2803 payment of the selling price shall be deemed a sale.

2804 (f) "Purchase price" or "sales price" means the total
2805 amount for which tangible personal property is purchased or sold,
2806 valued in money, including any additional charges for deferred
2807 payment, installation and service charges, and freight charges to
2808 the point of use within this state, without any deduction for cost
2809 of property sold, expenses or losses, or taxes of any kind except
2810 those exempt by the sales tax law. "Purchase price" or "sales
2811 price" shall not include cash discounts allowed and taken or
2812 merchandise returned by customers when the total sales price is
2813 refunded either in cash or by credit, and shall not include
2814 amounts allowed for a trade-in of similar property.

2815 (g) "Lease" or "rent" means any agreement entered into
2816 for a consideration that transfers possession or control of
2817 tangible personal property to a person for use within this state.

2818 (h) "Value" means the estimated or assessed monetary
2819 worth of a thing or property. The value of property transferred
2820 into this state for sales promotion or advertising shall be an
2821 amount not less than the cost paid by the transferor or donor. The
2822 value of property which has been used in another state shall be
2823 determined by its cost less straight line depreciation provided
2824 that value shall never be less than twenty percent (20%) of the

2825 cost or other method acceptable to the commissioner. On property
2826 imported by the manufacturer thereof for rental or lease within
2827 this state, value shall be the manufactured cost of the property
2828 and freight to the place of use in Mississippi.

2829 (i) "Tangible personal property" means personal
2830 property perceptible to the human senses or by chemical analysis,
2831 as opposed to real property or intangibles. "Tangible personal
2832 property" shall include printed, mimeographed, multigraphed
2833 matter, or material reproduced in any other manner, and books,
2834 catalogs, manuals, publications or similar documents covering the
2835 services of collecting, compiling or analyzing information of any
2836 kind or nature. However, reports representing the work of persons
2837 such as lawyers, accountants, engineers and similar professionals
2838 shall not be included. "Tangible personal property" shall also
2839 include tangible advertising or sales promotion materials such as,
2840 but not limited to, displays, brochures, signs, catalogs, price
2841 lists, point of sale advertising materials and technical manuals.
2842 Tangible personal property shall also include computer software
2843 programs.

2844 (j) "Person doing business in this state," "person
2845 maintaining a place of business within this state," or any similar
2846 term means any person having within this state an office, a
2847 distribution house, a salesroom or house, a warehouse, or any
2848 other place of business, or owning personal property located in
2849 this state used by another person, or installing personal property
2850 in this state. This definition also includes any person selling
2851 or taking orders for any tangible personal property, either
2852 personally, by mail or through an employee representative,
2853 salesman, commission agent, canvasser, solicitor or independent
2854 contractor or by any other means from within the state.

2855 Any person doing business under the terms of the article by
2856 reason of coming under any one or more of the qualifying
2857 provisions listed above shall be considered as doing business on
2858 all transactions involving sales to persons within this state.

2859 (k) "Use" or "consumption" means the first use or
2860 intended use within this state of tangible personal property and
2861 shall include rental or loan by owners or use by lessees or other
2862 persons receiving benefits from use of the property. "Use" or
2863 "consumption" shall include the benefit realized or to be realized
2864 by persons importing or causing to be imported into this state
2865 tangible advertising or sales promotion materials.

2866 (l) "Storage" means keeping tangible personal property
2867 in this state for subsequent use or consumption in this state.

2868 SECTION 34. Section 27-67-5, Mississippi Code of 1972, is
2869 brought forward as follows:

2870 27-67-5. There is hereby levied, assessed and shall be
2871 collected from every person a tax for the privilege of using,
2872 storing or consuming, within this state, any tangible personal
2873 property possession of which is acquired in any manner.

2874 (a) The use tax hereby imposed and levied shall be
2875 collected at the same rates as imposed under Section 27-65-24, and
2876 Sections 27-65-17, 27-65-18, 27-65-19 and 27-65-25 computed on the
2877 purchase or sales price, or value, as defined in this article.

2878 (b) It shall be the duty of the tax collectors of the
2879 several counties, or the State Tax Commissioner, as the case may
2880 be, to collect, remit and account for the tax on the use of all
2881 vehicles licensed or registered by the State of Mississippi for
2882 the first time, except when the Mississippi use tax was collected
2883 by an authorized out-of-state dealer at the time of purchase, or
2884 when the use thereof was exempt by Section 27-67-7. The tax
2885 collector or the State Tax Commissioner shall give to the person
2886 registering the vehicle a receipt in a form prescribed and
2887 furnished by the State Tax Commission for the amount of tax
2888 collected.

2889 The tax collector or State Tax Commissioner is expressly
2890 prohibited from issuing a license tag to any applicant without
2891 collecting the tax levied by this article, unless positive proof
2892 is filed, together with the application for the license tag, that

2893 the Mississippi tax has been paid, or that the sale was exempt by
2894 Section 27-67-7.

2895 Persons not engaging and continuing in business so as to be
2896 registered for payment of sales and/or use tax may pay use tax due
2897 on the first use of boats, airplanes, equipment or other tangible
2898 personal property to county tax collectors who are hereby
2899 authorized to accept such payments on behalf of the commissioner.
2900 Receipts for all such payments shall be given to taxpayers in a
2901 form prescribed and furnished by the State Tax Commission.

2902 County tax collectors and the State Tax Commissioner shall be
2903 liable for the tax they are required hereby to collect, and taxes
2904 which are in fact collected under authority of this section; and
2905 failure to properly collect or maintain proper records shall not
2906 relieve them of liability for payment to the commissioner.
2907 Deficiencies in collection or payment shall be assessed against
2908 the tax collector or State Tax Commissioner in the same manner and
2909 subject to the same penalties and provisions for appeal as are
2910 deficiencies assessed against taxpayers.

2911 A dealer authorized to collect and remit the tax to the State
2912 Tax Commission shall give to the purchaser a receipt for the
2913 payment of the tax, in a form prescribed and furnished by the
2914 commissioner, which shall serve as proof of payment to the tax
2915 collector of the county in which the license is to be issued.

2916 Each tax collector of the several counties shall, on or
2917 before the twentieth day of each month, file a report with and pay
2918 to the commissioner all funds collected under the provisions of
2919 this article, less a commission of five percent (5%) which shall
2920 be retained by the tax collector as a commission for collecting
2921 such tax and be deposited in the county general fund. The report
2922 required to be filed shall cover all collections made during the
2923 calendar month next preceding the date on which the report is due
2924 and filed.

2925 Any error in the report and remittance to the commissioner
2926 may be adjusted on a subsequent report. If the error was in the

2927 collection by the tax collector, it shall be adjusted through the
2928 tax collector with the taxpayer before credit is allowed by the
2929 commissioner.

2930 All information relating to the collection of use tax by tax
2931 collectors and such records as the commissioner may require shall
2932 be preserved in the tax collector's office for a period of three
2933 (3) years for audit by the commissioner.

2934 SECTION 35. Section 27-67-7, Mississippi Code of 1972, is
2935 brought forward as follows:

2936 27-67-7. The tax levied by this article shall not be
2937 collected in the following instances:

2938 (a) On the use, storage or consumption of any tangible
2939 personal property if the sale thereof has already been included in
2940 the measure of this tax or the tax imposed by Section 27-65-24 or
2941 Section 27-65-17, 27-65-19 or 27-65-25, or has already been
2942 included in the measure of a sales tax imposed by another state in
2943 which the property was sold or use tax imposed by some other state
2944 in which the property was used. If the rate of sales or use tax
2945 paid another state by the person using the property in Mississippi
2946 is not equal to or greater than the rate imposed by this article,
2947 then the user or purchaser shall apply the difference in these
2948 rates to the purchase price or value of the property and pay to
2949 the commissioner the amount of tax thus computed. Persons using
2950 business property in this state which has been used by them in
2951 other states shall be entitled to a credit for sales and/or use
2952 tax paid to other states equal to the aggregate of all such state
2953 rates multiplied by the value of the property at the time of
2954 importation into this state. Persons using business property in
2955 this state which was acquired from another person who used it in
2956 other states shall be entitled to a credit equal to the applicable
2957 rate in the state of last prior use multiplied by the value of the
2958 property at the time of importation into this state. Provided,
2959 however, that credit for use tax paid to another state shall not
2960 apply on the purchase price of tangible personal property that has

2961 been only stored or warehoused in the other state and the first
2962 use of the property occurs in Mississippi. Provided, further,
2963 that credit for sales or use tax paid to another state shall not
2964 apply on the purchase price or value of automobiles, trucks,
2965 truck-tractors and semitrailers imported and first used in
2966 Mississippi.

2967 Credit for sales or use tax paid to another state as
2968 provided above shall be evidenced by an invoice clearly and
2969 correctly showing the amount of such tax as a separate item, and
2970 no credit shall be allowed otherwise.

2971 (b) On the use, storage or consumption of tangible
2972 personal property to the extent that sales of similar property in
2973 Mississippi are either excluded or specifically exempt from sales
2974 tax or are taxed at the wholesale rate.

2975 This exemption shall be confined to the use of property
2976 the sale of which is an itemized exemption in the Mississippi
2977 Sales Tax Law, or to use by persons who are listed in said law as
2978 being exempt from sales tax.

2979 (c) On the use, storage or consumption of tangible
2980 personal property brought into this state by a nonresident for his
2981 or her use or enjoyment while temporarily within the state, but
2982 not including tangible personal property brought in for use in
2983 connection with a business activity. This exemption shall not
2984 apply to property which remains situated in this state for the
2985 repeated use, storage or consumption by out-of-state visitors, or
2986 which is acquired by visitors and first used in this state.

2987 (d) On the use of a motor vehicle for which a
2988 registration is required by the motor vehicle law, when such motor
2989 vehicle was purchased by a natural person for his personal or
2990 family use while such person was a bona fide resident of another
2991 state and who thereafter became a resident of this state, but not
2992 to include a motor vehicle which is transferred by the owner
2993 thereof for commercial use or for use by another person within
2994 this state.

2995 (e) On the use of personal and household effects by a
2996 natural person acquired while such person was a bona fide resident
2997 of another state, and who thereafter became a resident of this
2998 state.

2999 (f) On the use or rental of motion picture film,
3000 video-audio tapes and phonograph records for exhibition either by
3001 a person paying Mississippi sales tax on gross income from
3002 admissions for such exhibitions or by a person operating a
3003 television or radio broadcasting station.

3004 (g) On any vehicle purchased in another state for use
3005 outside of this state by a Mississippi citizen serving in the
3006 Armed Forces and stationed in another state who elects to license
3007 the vehicle in Mississippi.

3008 (h) On the cost or value and on the use, storage and
3009 consumption of rail rolling stock and component parts thereof.

3010 (i) On the use, storage or consumption of literature,
3011 video tapes and photographic slides used by religious institutions
3012 for the propagation of their creeds or for carrying on their
3013 customary nonprofit religious activities, and on the use of any
3014 tangible personal property purchased and first used in another
3015 state by religious institutions for the propagation of their
3016 creeds or for carrying on their customary nonprofit religious
3017 activities. "Religious institution," for the purpose of this
3018 exemption, means any religious institution granted an exemption
3019 under 26 USCS Section 501(c)(3). Any exemption under this
3020 paragraph obtained by fraud, misstatement or misrepresentation,
3021 shall be cancelled by the State Tax Commission, and the person
3022 committing the fraud, misstatement or misrepresentation shall be
3023 liable for prosecution for fraud on the assessment, and, on
3024 conviction, shall be fined not less than One Thousand Dollars
3025 (\$1,000.00), or punished by imprisonment in the State Penitentiary
3026 for a term not to exceed five (5) years, or both, within the
3027 discretion of the court.

3028 (j) The tax on the cost or value of farm machinery used

3029 in the harvesting of agricultural products shall be limited to the
3030 ratio of use within this state to the life of the property.

3031 (k) On the use, storage or consumption, between July 1,
3032 1993, and June 30, 1994, of machinery and equipment to
3033 corporations qualified as tax-exempt organizations under Section
3034 501(c)(4) of the Internal Revenue Code and established in response
3035 to the Federal Oil Pollution Act of 1990 to provide a private
3036 capability to respond to major oil spills. For purposes of this
3037 exemption, "machinery and equipment" means property with a useful
3038 life of at least three (3) years which is used primarily in the
3039 operations of the Marine Oil Spill Response Corporation and shall
3040 include, without limitation, vessels, barges, booms and skimmers.
3041 This paragraph shall stand repealed on July 1, 1995.

3042 SECTION 36. Nothing in this act shall affect or defeat any
3043 claim, assessment, appeal, suit, right or cause of action for
3044 taxes due or accrued under the income tax laws, ad valorem tax
3045 laws, sales tax laws or use tax laws before the date on which this
3046 act becomes effective, whether such claims, assessments, appeals,
3047 suits or actions have been begun before the date on which this act
3048 becomes effective or are begun thereafter; and the provisions of
3049 the income tax laws, ad valorem tax laws, sales tax laws and use
3050 tax laws are expressly continued in full force, effect and
3051 operation for the purpose of the assessment, collection and
3052 enrollment of liens for any taxes due or accrued and the execution
3053 of any warrant under such laws before the date on which this act
3054 becomes effective, and for the imposition of any penalties,
3055 forfeitures or claims for failure to comply with such laws.

3056 SECTION 37. Section 1 of this act shall be codified as a
3057 separate code section in Chapter 7, Title 27, Mississippi Code of
3058 1972.

3059 SECTION 38. This act shall take effect and be in force from
3060 and after January 1, 1999.