

By: Representative Simpson

To: Ways and Means

HOUSE BILL NO. 1480
(As Sent to Governor)

1 AN ACT TO AMEND SECTION 27-21-3, MISSISSIPPI CODE OF 1972, TO
2 EXEMPT CERTAIN LOANS FROM THE FINANCE COMPANY PRIVILEGE TAX; TO
3 AMEND SECTION 75-67-135, MISSISSIPPI CODE OF 1972, TO EXEMPT
4 CERTAIN LOANS FROM THE SMALL LOAN REGULATORY LAW AND TO PROVIDE
5 THAT THE SMALL LOAN REGULATORY LAW SHALL NOT LIMIT THE AMOUNT OR
6 TYPE OF ANY NONCREDIT LIFE INSURANCE POLICIES THAT A LICENSEE
7 UNDER SUCH LAW MAY SELL TO A BORROWER UNDER CERTAIN CONDITIONS; TO
8 AMEND SECTION 75-67-241, MISSISSIPPI CODE OF 1972, TO EXEMPT
9 CERTAIN LOANS FROM THE SMALL LOAN PRIVILEGE TAX LAW; AND FOR
10 RELATED PURPOSES.

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

12 SECTION 1. Section 27-21-3, Mississippi Code of 1972, is
13 amended as follows:

14 27-21-3. There is hereby levied a statewide privilege tax
15 upon every person, firm, corporation, or association, other than
16 banks, state or national, doing business of lending money secured
17 by mortgages, trust receipts, retained-title or purchase
18 contracts, on motor vehicles, furniture, refrigerators containing
19 mechanical freezing units operated by gas or electricity, or
20 radios or any other tangible personal property, located in the
21 State of Mississippi, or doing a business of purchasing,
22 discounting, or otherwise acquiring notes, trust receipts, or
23 other forms of indebtedness secured by liens, in the form of
24 mortgages, retained-title or purchase contracts, or other liens,
25 upon motor vehicles, furniture, refrigerators containing
26 mechanical units operated by gas or electricity or other fuels, or
27 radios or any other tangible personal property, located in this
28 state (not including, however, cotton, cotton seed or agricultural
29 products); the amount of said tax to bear a direct relationship to
30 the value of the securities held, owned, or acquired by such

31 person, firm, corporation or association, and exacted in return
32 for the protection afforded by the government and laws of this
33 state in the enjoyment of such ownership and rights acquired
34 thereby; the tax to be computed by application of the rate
35 hereinafter set out to the total value of such securities, other
36 than those securities representing loans for the payment of the
37 wholesale sales price and those securities representing
38 transactions known as "floor plan," upon which no tax is to be
39 imposed. Provided, however, that the tax imposed in this chapter
40 shall not apply to (a) persons, firms or corporations engaged in
41 the general mercantile business, who make advancements of money,
42 merchandise and supplies to their customers and who take
43 mortgages, deeds of trust or other liens upon personal property to
44 secure the payment of the indebtedness thus incurred; * * * (b) a
45 member of an affiliated group as defined by Section 1504 of the
46 Internal Revenue Code of 1986, as amended, on July 1, 1995, with
47 respect to loans made by one (1) member of the affiliated group to
48 another and who is not otherwise engaged in the business of
49 loaning money secured by tangible personal property; or (c) loans
50 which are secured by mortgages, security interests, trust
51 receipts, retained-title, contracts, purchase contracts or other
52 liens on real property.

53 SECTION 2. Section 75-67-135, Mississippi Code of 1972, is
54 amended as follows:

55 75-67-135. (1) This article shall not apply to any person,
56 firm, partnership, corporation or association doing business under
57 any of the laws of this state relating to banks, savings banks,
58 trust companies, building and loan associations, insurance
59 companies, pawnbrokers or credit unions; nor shall this article
60 apply to any person, firm, partnership, corporation or association
61 concerning loans made to the employees or farm tenants of such
62 person, firm, partnership or corporation or association; nor to
63 loans or advances made to be used in or in the furtherance of
64 farming or agricultural operations; nor to loans insured or
65 guaranteed by the United States or any of its agencies; nor to
66 persons, firms, partnerships, associations or corporations making
67 loans only secured by real estate; nor to dealers and sellers or

68 purchasers of conditional sales or retained title contracts on
69 real or personal property; nor an occasional lender not regularly
70 engaged in the business of lending money, but such lender shall be
71 governed by the usury statutes of this state; nor in the case of
72 any loan that is exempt from the federal Truth in Lending Act and
73 Regulation Z.

74 (2) Nothing in this article shall limit the amount or type
75 of any noncredit term life insurance policies which a licensee may
76 sell to a borrower, nor the premium for any such insurance, if the
77 following conditions are met:

78 (a) The licensee is qualified to do business in
79 Mississippi as provided by Section 83-17-105 et seq.;

80 (b) The licensee does not require the purchase of the
81 noncredit term life insurance product as a condition of receiving
82 the loan or any extension of credit from the licensee;

83 (c) The licensee does not make the borrower's ability
84 to obtain any current or future loan or other extension of credit
85 from the licensee contingent upon the borrower's agreement to
86 purchase the noncredit term life insurance product or otherwise
87 transact business with the licensee; and

88 (d) The licensee allows the borrower the option of
89 paying the cost of the noncredit term life insurance product using
90 funds other than the proceeds of a loan obtained from the licensee
91 or having the cost of the noncredit term life insurance product
92 deducted from the proceeds of any loan obtained from the licensee.

93 This subsection shall not apply to sales of credit insurance,
94 nor the limits on credit life insurance, as provided by Section
95 75-67-121.

96 SECTION 3. Section 75-67-241, Mississippi Code of 1972, is
97 amended as follows:

98 75-67-241. This article shall not apply to any person, firm,
99 partnership, corporation or association doing business under any
100 of the laws of this state relating to banks, savings banks, trust

101 companies, building and loan associations, insurance companies,
102 credit unions or pawnbrokers; nor shall this article apply to any
103 person, firm, partnership, corporation or association concerning
104 loans made to the employees or farm tenants of such person, firm,
105 partnership or corporation or association; nor to loans or
106 advances made to be used in or in the furtherance of farming or
107 agricultural operations; nor to loans insured or guaranteed by the
108 United States or any of its agencies; nor to persons, firms,
109 partnerships, associations or corporations making loans only
110 secured by real estate; nor to dealers and sellers or purchasers
111 of conditional sales or retained title contracts on real or
112 personal property; nor a member of an affiliated group as defined
113 by Section 1504 of the Internal Revenue Code of 1986, as amended,
114 on May 24, 1995, with respect to loans made by one (1) member of
115 the affiliated group to another and who is not otherwise engaged
116 in the business of loaning money secured by tangible personal
117 property; nor an occasional lender not regularly engaged in the
118 business of lending money, but such lender shall be governed by
119 the usury statutes of this state; nor in the case of any loan that
120 is exempt from the federal Truth in Lending Act and Regulation Z.

121 SECTION 4. This act shall take effect and be in force from
122 and after July 1, 1999.