

By: Representative Ellis

To: Ways and Means

COMMITTEE SUBSTITUTE
FOR
HOUSE BILL NO. 1581

1 AN ACT TO CREATE THE MISSISSIPPI COMMUNICATIONS TAX REFORM
2 ACT; TO PROVIDE THAT EVERY PERSON OR ENTITY PROVIDING
3 COMMUNICATIONS SERVICES SHALL BE ENTITLED TO A REBATE FROM THE
4 STATE OF MISSISSIPPI IN AN AMOUNT NOT TO EXCEED 50% OF THE
5 AGGREGATE AMOUNT OF THE AD VALOREM TAX PAID BY SUCH PERSON OR
6 ENTITY ON CLASS IV PROPERTY TO LOCAL TAXING DISTRICTS IN THIS
7 STATE; TO PROVIDE THAT TO THE EXTENT POSSIBLE SUCH REFUNDS SHALL
8 BE PAID BY THE STATE TAX COMMISSION FROM THE TELECOMMUNICATIONS AD
9 VALOREM TAX REDUCTION AND LOCAL DISTRIBUTION FUND CREATED BY THIS
10 ACT; TO PROVIDE THAT AMOUNTS IN EXCESS OF THE AMOUNTS NECESSARY TO
11 PAY SUCH REBATES SHALL BE PAID TO MUNICIPALITIES, COUNTIES AND
12 SCHOOL DISTRICTS; TO CREATE THE TELECOMMUNICATIONS AD VALOREM TAX
13 REDUCTION AND LOCAL DISTRIBUTION FUND; TO PROVIDE THAT THE MONEY
14 IN SUCH FUND SHALL BE UTILIZED TO PAY THE REBATES AUTHORIZED BY
15 THIS ACT; TO PROVIDE THAT SUCH FUND SHALL BE ADMINISTERED BY THE
16 STATE TAX COMMISSION; TO PROHIBIT POLITICAL SUBDIVISIONS FROM
17 LEVYING ANY TAX, CHARGE OR FEE ON COMMUNICATIONS SERVICES OR
18 COMMUNICATIONS SERVICE PROVIDERS AFTER THE EFFECTIVE DATE OF THIS
19 ACT UNLESS ANY SUCH TAX, CHARGE OR FEE IS OTHERWISE PROVIDED BY
20 LAW; TO REQUIRE A RATE REDUCTION BY CERTAIN COMMUNICATIONS SERVICE
21 PROVIDERS THAT EXPERIENCE A TAX SAVING AS A RESULT OF THE
22 PROVISIONS OF THIS ACT; TO IMPOSE A TAX ON PERSONS OPERATING
23 TELEGRAPH AND TELECOMMUNICATIONS BUSINESSES FOR THE TRANSMISSION
24 OF MESSAGES AND CONVERSATIONS ORIGINATING OR TERMINATING IN THIS
25 STATE, VIA INTERSTATE TELECOMMUNICATIONS; TO AMEND SECTION
26 27-65-19, MISSISSIPPI CODE OF 1972, TO PROVIDE THAT CHARGES FOR
27 SERVICES THAT ARE RESOLD ARE NOT SUBJECT TO TAX UNDER SUCH
28 SECTION; TO AMEND SECTION 27-65-75, MISSISSIPPI CODE OF 1972, TO
29 PROVIDE THAT THE SALES TAX ON INTERSTATE COMMUNICATIONS SERVICES
30 SHALL BE DEPOSITED WITHOUT DIVERSION INTO THE TELECOMMUNICATIONS
31 AD VALOREM TAX REDUCTION AND LOCAL DISTRIBUTION FUND; TO AMEND
32 SECTION 27-35-319, MISSISSIPPI CODE OF 1972, TO REMOVE PROVISIONS
33 THAT CLASSIFY THE PROPERTY OF TELEPHONE COMPANIES LOCATED IN MORE
34 THAN SIX COUNTIES AS CLASS IV OR CLASS II PROPERTY; AND FOR
35 RELATED PURPOSES.

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

37 SECTION 1. This act may be cited as the Mississippi
38 Communications Tax Reform Act.

39 SECTION 2. As used in Sections 1 through 6 of this act:

40 (a) "Communications service" means the provision,
41 transmission, conveyance or routing, for a consideration, of
42 voice, data, video or any other information or signals of the

43 purchaser's choosing to a point, or between or among points,
44 specified by the purchaser, by or through any electronic, radio or
45 similar medium or method now in existence or hereafter devised.
46 The term "communications service" shall include, but not be
47 limited to, local telephone services, toll telephone services,
48 telegraph services, teletypewriter services, teleconferencing
49 services, private line services, channel services and mobile
50 communications services. The term "communications service" shall
51 not include cable television service and shall not include
52 information and data services, including the storage of data or
53 information for subsequent retrieval, the retrieval of data or
54 information, or the processing, or reception and processing, of
55 data or information intended to change its form or content.

56 (b) "Local exchange telephone company" means any
57 communications service provider that derives more than one-half
58 (1/2) of its revenues received from Mississippi customers from the
59 provision of local telephone services.

60 (c) "Local telephone service" means the access to a
61 local telephone system and the privilege of communications within
62 a local calling area.

63 SECTION 3. (1) (a) Except as otherwise provided in
64 paragraph (b) of this subsection (1), for ad valorem tax payments
65 made after December 31, 1999, every person or entity providing
66 communications services shall be entitled to a refund from the
67 State of Mississippi in an amount not to exceed fifty percent
68 (50%) of the aggregate amount of the ad valorem tax paid by such
69 person or entity on Class IV property as defined in Section 112,
70 Mississippi Constitution of 1890, to local taxing districts. In
71 calculating the percentage used for refunds under this paragraph
72 (a), the State Tax Commission shall calculate such percentage to
73 ensure that the total amount of refund payments does not exceed
74 the amount in the Telecommunications Ad Valorem Tax Reduction and
75 Local Distribution Fund created pursuant to Section 4 of this act.

76 (b) For ad valorem tax payments made by local exchange
77 telephone companies after December 31, 1999, and prior to December
78 31, 2000, such local exchange telephone companies shall be
79 entitled to a refund from the State of Mississippi in an amount

80 equal to twenty-five percent (25%) of the aggregate amount of the
81 ad valorem tax paid by such company on Class IV property as
82 defined in Section 112, Mississippi Constitution of 1890, to local
83 taxing districts, thereafter any such company shall be entitled to
84 payments in the amount provided for in paragraph (a) of this
85 subsection (1).

86 (2) On or before March 15, 2000, and on or before March 15
87 of each year thereafter, the State Tax Commission shall pay all
88 refunds to which communications service providers are entitled
89 under the provisions of subsection (1) of this section for ad
90 valorem taxes that became due on or before the first day of
91 February immediately preceding March 15.

92 (3) To the extent possible, payments made pursuant to
93 subsection (1) of this section shall be paid by the State Tax
94 Commission out of the Telecommunications Ad Valorem Tax Reduction
95 and Local Distribution Fund created pursuant to Section 4 of this
96 act.

97 (4) On or before April 15, 2000, and on or before April 15
98 of each year thereafter, amounts in the Telecommunications Ad
99 Valorem Tax Reduction and Local Distribution Fund in excess of the
100 amounts necessary to make the payments provided for in subsection
101 (1) of this section shall be paid to each local taxing district as
102 follows:

103 (a) One-third (1/3) shall be distributed to each
104 municipality in this state in the proportion that the amount of
105 revenues derived from the provision of communications services in
106 such municipality bears to the total amount of revenues derived
107 from the provision of communications services in all
108 municipalities in this state.

109 (b) One-third (1/3) shall be paid by the State Tax
110 Commission to the State Department of Education to be distributed
111 to each school district in this state in the proportion that the
112 average daily attendance in such school district bears to the

113 total average daily attendance of all public school districts in
114 the state.

115 (c) One-third (1/3) shall be distributed to each county
116 in this state in the proportion that the assessed value of the
117 Class IV property of communications service providers in such
118 county bears to the assessed value of all such property in the
119 state.

120 SECTION 4. (1) There is created in the State Treasury a
121 special fund to be known as the Telecommunications Ad Valorem Tax
122 Reduction and Local Distribution Fund, into which shall be
123 deposited the money specified in Section 27-65-75(17) and such
124 other money as the Legislature may provide by appropriation. The
125 money in the fund shall be used to pay the reasonable and
126 necessary expenses incurred by the State Tax Commission in
127 administering the provisions of this act as provided for in
128 subsection (3) of this section and to make the payments provided
129 for in Section 3 of this act.

130 (2) The Telecommunications Ad Valorem Tax Reduction and
131 Local Distribution Fund shall be administered by the State Tax
132 Commission, and money in the fund shall be expended upon
133 appropriation by the Legislature. Unexpended amounts remaining in
134 the fund at the end of the state fiscal year shall not lapse into
135 the State General Fund, and any interest earned on amounts in the
136 fund shall be deposited to the credit of the fund. The State Tax
137 Commission shall make the calculations necessary to make the
138 distributions required pursuant to Section 3 of this act.

139 (3) A portion of the money in the fund may be utilized by
140 the State Tax Commission to pay the reasonable and necessary
141 expenses of the State Tax Commission incurred in administering
142 this act. This amount shall be one percent (1%) of the monthly
143 amount deposited in the fund.

144 SECTION 5. (1) Upon the effective date of this act, no
145 political subdivision of this state may levy any tax, charge or

146 fee on communications services, or collect any such taxes, charges
147 or fees on communications services not otherwise provided by law.

148 (2) For purposes of this section, a tax, charge or fee
149 includes any tax, charge, fee or in-kind payment of property or
150 services, which is in the form of a sales tax, franchise fee,
151 excise tax, user fee, occupational or business license tax,
152 subscriber charge or other charge measured by the amount charged
153 for services.

154 (3) Nothing in this section affects the authority of a
155 political subdivision of this state to manage the public
156 right-of-way or to exercise its inherent police powers to regulate
157 its public right-of-way and to protect the health, safety and
158 welfare of its citizens. Management of the public right-of-way
159 includes the authority to:

160 (a) Require communications service providers to file
161 construction permit applications;

162 (b) Issue and process right-of-way construction permit
163 applications filed by the communications service provider;

164 (c) Inspect job sites and restoration projects of a
165 communications service provider;

166 (d) Determine the adequacy of right-of-way restoration
167 undertaken by communications service providers and set standards
168 for right-of-way restoration; and

169 (e) Revoke right-of-way construction permits issued to
170 communications service providers.

171 (4) A political subdivision may require a permit fee to be
172 paid by a communications service provider to cover administrative
173 costs and expenses directly related to the management of the
174 public right-of-way set forth in subsection (3) of this section
175 with such permit fee not to exceed Twenty-five Dollars (\$25.00)
176 for each such permit issued.

177 (5) This section shall not apply to ad valorem taxes levied
178 as provided by law or to emergency telephone surcharges levied

179 pursuant to Chapter 5, Title 19, Mississippi Code of 1972.

180 SECTION 6. To the extent that a person or entity providing
181 communications services that are regulated by the Mississippi
182 Public Service Commission experiences a tax savings as a result of
183 the provisions of this act, such saving shall inure to the benefit
184 of the customers of such person or entity. Any local exchange
185 telephone company that experiences a tax savings as a result of
186 the provisions of this act shall reduce its rates by the amount of
187 the tax saving.

188 (a) The savings shall be used to reduce rates for
189 residential and business services proportionately, including
190 reducing intrastate switched access charges to a level not to
191 exceed Two Cents (2¢) per minute in exchanges served by local
192 exchange carriers serving more than one hundred fifty thousand
193 (150,000) local exchange access lines.

194 Any interexchange telecommunications company whose intrastate
195 switched access rate is reduced as a result of the rate decreases
196 made by a local exchange telephone company in accordance with this
197 section shall decrease its intrastate long distances rates by the
198 amount necessary to return the benefits of such reduction to its
199 customers.

200 (b) The Mississippi Public Service Commission shall
201 issue a rate reduction order implementing the provisions of this
202 section on or before December 31, 1999.

203 SECTION 7. Upon every person operating a telegraph or
204 telecommunications business for the transmission of messages or
205 conversations originating in this state or terminating in this
206 state which are charged to the customer's service address in this
207 state, regardless of where such amount is billed or paid, via
208 interstate telecommunications, there is hereby levied, assessed
209 and shall be collected a tax equal to seven percent (7%) of the
210 gross income received by such business from such interstate
211 telecommunications. However, a person, upon proof that he has

212 paid a tax in another state on such event, shall be allowed a
213 credit against the tax imposed herein on interstate
214 telecommunication charges to the extent that the amount of such
215 tax is properly due and actually paid in such other state and to
216 the extent that the rate of sales tax imposed by and paid to such
217 other state does not exceed the rate of sales tax imposed by this
218 section. Charges for services that are resold, including but not
219 limited to access charges, are not subject to tax.

220 SECTION 8. Section 27-65-19, Mississippi Code of 1972, is
221 amended as follows:

222 27-65-19. (1) (a) Except as otherwise provided in this
223 subsection, upon every person selling to consumers, electricity,
224 current, power, potable water, steam, coal, natural gas, liquefied
225 petroleum gas or other fuel, there is hereby levied, assessed and
226 shall be collected a tax equal to seven percent (7%) of the gross
227 income of the business. Provided, gross income from sales to
228 consumers of electricity, current, power, natural gas, liquefied
229 petroleum gas or other fuel for residential heating, lighting or
230 other residential noncommercial or nonagricultural use, and sales
231 of potable water for residential, noncommercial or nonagricultural
232 use shall be excluded from taxable gross income of the business.
233 Provided further, upon every such seller using electricity,
234 current, power, potable water, steam, coal, natural gas, liquefied
235 petroleum gas or other fuel for nonindustrial purposes, there is
236 hereby levied, assessed and shall be collected a tax equal to
237 seven percent (7%) of the cost or value of the product or service
238 used.

239 (b) There is hereby levied, assessed and shall be
240 collected a tax equal to one and one-half percent (1-1/2%) of the
241 gross income of the business when the electricity, current, power,
242 steam, coal, natural gas, liquefied petroleum gas or other fuel is
243 sold to or used by a manufacturer, custom processor or public
244 service company for industrial purposes, which shall include that

245 used to generate electricity, to operate an electrical
246 distribution or transmission system, to operate pipeline
247 compressor or pumping stations or to operate railroad locomotives;
248 provided, however, that:

249 (i) From and after July 1, 2000, through June 30,
250 2001, sales of fuel used to produce electric power by a company
251 primarily engaged in the business of producing, generating or
252 distributing electric power for sale shall be taxed at the rate of
253 one and one-eighth percent (1.125%);

254 (ii) From and after July 1, 2001, through June 30,
255 2002, sales of fuel used to produce electric power by a company
256 primarily engaged in the business of producing, generating or
257 distributing electric power for sale shall be taxed at the rate of
258 three-fourths of one percent (0.75%);

259 (iii) From and after July 1, 2002, through June
260 30, 2003, sales of fuel used to produce electric power by a
261 company primarily engaged in the business of producing, generating
262 or distributing electric power for sale shall be taxed at the rate
263 of three-eighths of one percent (0.375%);

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

269 (c) The one and one-half percent (1-1/2%) industrial
270 rate provided for in this subsection shall also apply when the
271 electricity, current, power, steam, coal, natural gas, liquefied
272 petroleum gas or other fuel is sold to a producer or processor for
273 use directly in the production of poultry or poultry products, the
274 production of livestock and livestock products, the production of
275 plants or food by commercial horticulturists, the processing of
276 milk and milk products, the processing of poultry and livestock
277 feed, and the irrigation of farm crops.

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

282 (e) Upon every person operating a telegraph or
283 telephone business for the transmission of messages or
284 conversations between points within this state, there is hereby
285 levied, assessed and shall be collected, a tax equal to seven
286 percent (7%) of the gross income of such business, with no
287 deduction or allowance for any part of an intrastate rate charge
288 because of routing across a state line. Charges for services that
289 are resold, including but not limited to access charges, are not
290 subject to tax. However, any sale of a prepaid telephone calling
291 card or prepaid authorization number, or both, shall be deemed to
292 be the sale of tangible personal property subject only to such
293 taxes imposed by law on the sale of tangible personal property.
294 If the sale of a prepaid telephone calling card or prepaid
295 authorization number does not take place at the vendor's place of
296 business, it shall be conclusively determined to take place at the
297 customer's shipping address. The reauthorization of a prepaid
298 telephone calling card or a prepaid authorization number shall be
299 conclusively determined to take place at the customer's billing
300 address.

301 (2) Persons making sales to consumers of electricity,
302 current, power, natural gas, liquefied petroleum gas or other fuel
303 for residential heating, lighting or other residential
304 noncommercial or nonagricultural use or sales of potable water for
305 residential, noncommercial or nonagricultural use shall indicate
306 on each statement rendered to customers that such charges are
307 exempt from sales taxes.

308 (3) There is hereby levied, assessed and shall be paid on
309 transportation charges on shipments moving between points within
310 this state when paid directly by the consumer, a tax equal to the

311 rate applicable to the sale of the property being transported.
312 Such tax shall be reported and paid directly to the State Tax
313 Commission by the consumer.

314 SECTION 9. Section 27-65-75, Mississippi Code of 1972, is
315 amended as follows:

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

317 27-65-75. On or before the fifteenth day of each month, the
318 revenue collected under the provisions of this chapter during the
319 preceding month shall be paid and distributed as follows:

320 (1) On or before August 15, 1992, and each succeeding month
321 thereafter through July 15, 1993, eighteen percent (18%) of the
322 total sales tax revenue collected during the preceding month under
323 the provisions of this chapter, except that collected under the
324 provisions of Sections 27-65-15, 27-65-19(3) and 27-65-21, on
325 business activities within a municipal corporation shall be
326 allocated for distribution to such municipality and paid to such
327 municipal corporation. On or before August 15, 1993, and each
328 succeeding month thereafter, eighteen and one-half percent
329 (18-1/2%) of the total sales tax revenue collected during the
330 preceding month under the provisions of this chapter, except that
331 collected under the provisions of Sections 27-65-15, 27-65-19(3)
332 and 27-65-21, on business activities within a municipal
333 corporation shall be allocated for distribution to such
334 municipality and paid to such municipal corporation.

335 A municipal corporation, for the purpose of distributing the
336 tax under this subsection, shall mean and include all incorporated
337 cities, towns and villages.

338 Monies allocated for distribution and credited to a municipal
339 corporation under this subsection may be pledged as security for
340 any loan received by the municipal corporation for the purpose of
341 capital improvements as authorized under Section 57-1-303, or
342 loans as authorized under Section 57-44-7, or water systems
343 improvements as authorized under Section 41-3-16.

344 In any county having a county seat which is not an
345 incorporated municipality, the distribution provided hereunder
346 shall be made as though the county seat was an incorporated
347 municipality; however, the distribution to such municipality shall
348 be paid to the county treasury wherein the municipality is located
349 and such funds shall be used for road, bridge and street
350 construction or maintenance therein.

351 (2) On or before September 15, 1987, and each succeeding
352 month thereafter, from the revenue collected under this chapter
353 during the preceding month One Million One Hundred Twenty-five
354 Thousand Dollars (\$1,125,000.00) shall be allocated for
355 distribution to municipal corporations as defined under subsection
356 (1) of this section in the proportion that the number of gallons
357 of gasoline and diesel fuel sold by distributors to consumers and
358 retailers in each such municipality during the preceding fiscal
359 year bears to the total gallons of gasoline and diesel fuel sold
360 by distributors to consumers and retailers in municipalities
361 statewide during the preceding fiscal year. The State Tax
362 Commission shall require all distributors of gasoline and diesel
363 fuel to report to the commission monthly the total number of
364 gallons of gasoline and diesel fuel sold by them to consumers and
365 retailers in each municipality during the preceding month. The
366 State Tax Commission shall have the authority to promulgate such
367 rules and regulations as is necessary to determine the number of
368 gallons of gasoline and diesel fuel sold by distributors to
369 consumers and retailers in each municipality. In determining the
370 percentage allocation of funds under this subsection for the
371 fiscal year beginning July 1, 1987, and ending June 30, 1988, the
372 State Tax Commission may consider gallons of gasoline and diesel
373 fuel sold for a period of less than one (1) fiscal year. For the
374 purposes of this subsection, the term "fiscal year" means the
375 fiscal year beginning July 1 of a year.

376 (3) On or before September 15, 1987, and on or before the

377 fifteenth day of each succeeding month, until the date specified
378 in Section 65-39-35, the proceeds derived from contractors' taxes
379 levied under Section 27-65-21 on contracts for the construction or
380 reconstruction of highways designated under the Four-Lane Highway
381 Program created under Section 65-3-97 shall be deposited into the
382 State Treasury to the credit of the State Highway Fund to be used
383 to fund such Four-Lane Highway Program. The Mississippi
384 Department of Transportation shall provide to the State Tax
385 Commission such information as is necessary to determine the
386 amount of proceeds to be distributed under this subsection.

387 (4) On or before August 15, 1994, and on or before the
388 fifteenth day of each succeeding month, from the proceeds of
389 gasoline, diesel fuel or kerosene taxes as provided in Section
390 27-5-101(a)(ii)1, Four Million Dollars (\$4,000,000.00) shall be
391 deposited in the State Treasury to the credit of a special fund
392 designated as the "State Aid Road Fund," created by Section
393 65-9-17. Such funds shall be pledged to pay the principal of and
394 interest on state aid road bonds heretofore issued under Sections
395 19-9-51 through 19-9-77, in lieu of and in substitution for the
396 funds heretofore allocated to counties under this section. Such
397 funds may not be pledged for the payment of any state aid road
398 bonds issued after April 1, 1981; however, this prohibition
399 against the pledging of any such funds for the payment of bonds
400 shall not apply to any bonds for which intent to issue such bonds
401 has been published, for the first time, as provided by law prior
402 to March 29, 1981. From the amount of taxes paid into the special
403 fund pursuant to this subsection and subsection (9) of this
404 section, there shall be first deducted and paid the amount
405 necessary to pay the expenses of the Office of State Aid Road
406 Construction, as authorized by the Legislature for all other
407 general and special fund agencies. The remainder of the fund
408 shall be allocated monthly to the several counties in accordance
409 with the following formula:

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

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

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

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

423 The amount of funds allocated to any county under this
424 subsection for any fiscal year after fiscal year 1994 shall not be
425 less than the amount allocated to such county for fiscal year
426 1994. Monies allocated to a county from the State Aid Road Fund
427 for fiscal year 1995 or any fiscal year thereafter that exceed the
428 amount of funds allocated to that county from the State Aid Road
429 Fund for fiscal year 1994, first must be expended by the county
430 for replacement or rehabilitation of bridges on the state aid road
431 system that have a sufficiency rating of less than twenty-five
432 (25), according to National Bridge Inspection standards before
433 such monies may be approved for expenditure by the State Aid Road
434 Engineer on other projects that qualify for the use of state aid
435 road funds.

436 Any reference in the general laws of this state or the
437 Mississippi Code of 1972 to Section 27-5-105 shall mean and be
438 construed to refer and apply to subsection (4) of Section
439 27-65-75.

440 (5) One Million Six Hundred Sixty-six Thousand Six Hundred
441 Sixty-six Dollars (\$1,666,666.00) each month shall be paid into
442 the special fund known as the "State Public School Building Fund"

443 created and existing under the provisions of Sections 37-47-1
444 through 37-47-67. Such payments into said fund are to be made on
445 the last day of each succeeding month hereafter.

446 (6) An amount each month beginning August 15, 1983, through
447 November 15, 1986, as specified in Section 6 of Chapter 542, Laws
448 of 1983, shall be paid into the special fund known as the
449 Correctional Facilities Construction Fund created in Section 6 of
450 Chapter 542, Laws of 1983.

451 (7) On or before August 15, 1992, and each succeeding month
452 thereafter, two and two hundred sixty-six one-thousandths percent
453 (2.266%) of the total sales tax revenue collected during the
454 preceding month under the provisions of this chapter, except that
455 collected under the provisions of Section 27-65-17(2) shall be
456 deposited by the commission into the School Ad Valorem Tax
457 Reduction Fund created pursuant to Section 37-61-35.

458 (8) On or before August 15, 1992, and each succeeding month
459 thereafter, nine and seventy-three one-thousandths percent
460 (9.073%) of the total sales tax revenue collected during the
461 preceding month under the provisions of this chapter, except that
462 collected under the provisions of Section 27-65-17(2) shall be
463 deposited into the Education Enhancement Fund created pursuant to
464 Section 37-61-33.

465 (9) On or before August 15, 1994, and each succeeding month
466 thereafter, from the revenue collected under this chapter during
467 the preceding month, Two Hundred Fifty Thousand Dollars
468 (\$250,000.00) shall be paid into the State Aid Road Fund.

469 (10) On or before August 15, 1994, and each succeeding month
470 thereafter through August 15, 1995, from the revenue collected
471 under this chapter during the preceding month, Two Million Dollars
472 (\$2,000,000.00) shall be deposited into the Motor Vehicle Ad
473 Valorem Tax Reduction Fund established in Section 27-51-105.

474 (11) Notwithstanding any other provision of this section to
475 the contrary, on or before February 15, 1995, and each succeeding

476 month thereafter, the sales tax revenue collected during the
477 preceding month under the provisions of Section 27-65-17(2) and
478 the corresponding levy in Section 27-65-23 on the rental or lease
479 of private carriers of passengers and light carriers of property
480 as defined in Section 27-51-101 shall be deposited, without
481 diversion, into the Motor Vehicle Ad Valorem Tax Reduction Fund
482 established in Section 27-51-105.

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

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

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

507 (15) Notwithstanding any other provision of this section to
508 the contrary, on or before August 15, 1999, and each succeeding

509 month thereafter, the sales tax revenue collected during the
510 preceding month under the provisions of Section 7 of House Bill
511 No. 1581, 1999 Regular Session, shall be deposited, without
512 diversion, into the Telecommunications Ad Valorem Tax Reduction
513 and Local Distribution Fund established in Section 4 of House Bill
514 No. 1581, 1999 Regular Session.

515 (16) The remainder of the amounts collected under the
516 provisions of this chapter shall be paid into the State Treasury
517 to the credit of the General Fund.

518 (17) It shall be the duty of the municipal officials of any
519 municipality which expands its limits, or of any community which
520 incorporates as a municipality, to notify the commissioner of such
521 action thirty (30) days before the effective date. Failure to so
522 notify the commissioner shall cause such municipality to forfeit
523 the revenue which it would have been entitled to receive during
524 this period of time when the commissioner had no knowledge of the
525 action. If any funds have been erroneously disbursed to any
526 municipality or any overpayment of tax is recovered by the
527 taxpayer, the commissioner may make correction and adjust the
528 error or overpayment with such municipality by withholding the
529 necessary funds from any subsequent payment to be made to the
530 municipality.

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

532 27-65-75. On or before the fifteenth day of each month, the
533 revenue collected under the provisions of this chapter during the
534 preceding month shall be paid and distributed as follows:

535 (1) On or before August 15, 1992, and each succeeding month
536 thereafter through July 15, 1993, eighteen percent (18%) of the
537 total sales tax revenue collected during the preceding month under
538 the provisions of this chapter, except that collected under the
539 provisions of Sections 27-65-15, 27-65-19(3) and 27-65-21, on
540 business activities within a municipal corporation shall be
541 allocated for distribution to such municipality and paid to such

542 municipal corporation. On or before August 15, 1993, and each
543 succeeding month thereafter, eighteen and one-half percent
544 (18-1/2%) of the total sales tax revenue collected during the
545 preceding month under the provisions of this chapter, except that
546 collected under the provisions of Sections 27-65-15, 27-65-19(3)
547 and 27-65-21, on business activities within a municipal
548 corporation shall be allocated for distribution to such
549 municipality and paid to such municipal corporation.

550 A municipal corporation, for the purpose of distributing the
551 tax under this subsection, shall mean and include all incorporated
552 cities, towns and villages.

553 Monies allocated for distribution and credited to a municipal
554 corporation under this subsection may be pledged as security for
555 any loan received by the municipal corporation for the purpose of
556 capital improvements as authorized under Section 57-1-303, or
557 loans as authorized under Section 57-44-7, or water systems
558 improvements as authorized under Section 41-3-16.

559 In any county having a county seat which is not an
560 incorporated municipality, the distribution provided hereunder
561 shall be made as though the county seat was an incorporated
562 municipality; however, the distribution to such municipality shall
563 be paid to the county treasury wherein the municipality is located
564 and such funds shall be used for road, bridge and street
565 construction or maintenance therein.

566 (2) On or before September 15, 1987, and each succeeding
567 month thereafter, from the revenue collected under this chapter
568 during the preceding month One Million One Hundred Twenty-five
569 Thousand Dollars (\$1,125,000.00) shall be allocated for
570 distribution to municipal corporations as defined under subsection
571 (1) of this section in the proportion that the number of gallons
572 of gasoline and diesel fuel sold by distributors to consumers and
573 retailers in each such municipality during the preceding fiscal
574 year bears to the total gallons of gasoline and diesel fuel sold

575 by distributors to consumers and retailers in municipalities
576 statewide during the preceding fiscal year. The State Tax
577 Commission shall require all distributors of gasoline and diesel
578 fuel to report to the commission monthly the total number of
579 gallons of gasoline and diesel fuel sold by them to consumers and
580 retailers in each municipality during the preceding month. The
581 State Tax Commission shall have the authority to promulgate such
582 rules and regulations as is necessary to determine the number of
583 gallons of gasoline and diesel fuel sold by distributors to
584 consumers and retailers in each municipality. In determining the
585 percentage allocation of funds under this subsection for the
586 fiscal year beginning July 1, 1987, and ending June 30, 1988, the
587 State Tax Commission may consider gallons of gasoline and diesel
588 fuel sold for a period of less than one (1) fiscal year. For the
589 purposes of this subsection, the term "fiscal year" means the
590 fiscal year beginning July 1 of a year.

591 (3) On or before September 15, 1987, and on or before the
592 fifteenth day of each succeeding month, until the date specified
593 in Section 65-39-35, the proceeds derived from contractors' taxes
594 levied under Section 27-65-21 on contracts for the construction or
595 reconstruction of highways designated under the Four-Lane Highway
596 Program created under Section 65-3-97 shall be deposited into the
597 State Treasury to the credit of the State Highway Fund to be used
598 to fund such Four-Lane Highway Program. The Mississippi
599 Department of Transportation shall provide to the State Tax
600 Commission such information as is necessary to determine the
601 amount of proceeds to be distributed under this subsection.

602 (4) On or before August 15, 1994, and on or before the
603 fifteenth day of each succeeding month from the proceeds of
604 gasoline, diesel fuel or kerosene taxes as provided in Section
605 27-5-101(a)(ii)1, Four Million Dollars (\$4,000,000.00) shall be
606 deposited in the State Treasury to the credit of a special fund
607 designated as the "State Aid Road Fund," created by Section

608 65-9-17. Such funds shall be pledged to pay the principal of and
609 interest on state aid road bonds heretofore issued under Sections
610 19-9-51 through 19-9-77, in lieu of and in substitution for the
611 funds heretofore allocated to counties under this section. Such
612 funds may not be pledged for the payment of any state aid road
613 bonds issued after April 1, 1981; however, this prohibition
614 against the pledging of any such funds for the payment of bonds
615 shall not apply to any bonds for which intent to issue such bonds
616 has been published, for the first time, as provided by law prior
617 to March 29, 1981. From the amount of taxes paid into the special
618 fund pursuant to this subsection and subsection (9) of this
619 section, there shall be first deducted and paid the amount
620 necessary to pay the expenses of the Office of State Aid Road
621 Construction, as authorized by the Legislature for all other
622 general and special fund agencies. The remainder of the fund
623 shall be allocated monthly to the several counties in accordance
624 with the following formula:

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

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

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

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

638 The amount of funds allocated to any county under this
639 subsection for any fiscal year after fiscal year 1994 shall not be
640 less than the amount allocated to such county for fiscal year

641 1994. Monies allocated to a county from the State Aid Road Fund
642 for fiscal year 1995 or any fiscal year thereafter that exceed the
643 amount of funds allocated to that county from the State Aid Road
644 Fund for fiscal year 1994, first must be expended by the county
645 for replacement or rehabilitation of bridges on the state aid road
646 system that have a sufficiency rating of less than twenty-five
647 (25), according to National Bridge Inspection standards before
648 such monies may be approved for expenditure by the State Aid Road
649 Engineer on other projects that qualify for the use of state aid
650 road funds.

651 Any reference in the general laws of this state or the
652 Mississippi Code of 1972 to Section 27-5-105 shall mean and be
653 construed to refer and apply to subsection (4) of Section
654 27-65-75.

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

661 (6) An amount each month beginning August 15, 1983, through
662 November 15, 1986, as specified in Section 6 of Chapter 542, Laws
663 of 1983, shall be paid into the special fund known as the
664 Correctional Facilities Construction Fund created in Section 6 of
665 Chapter 542, Laws of 1983.

666 (7) On or before August 15, 1992, and each succeeding month
667 thereafter, two and two hundred sixty-six one-thousandths percent
668 (2.266%) of the total sales tax revenue collected during the
669 preceding month under the provisions of this chapter, except that
670 collected under the provisions of Section 27-65-17(2), not to
671 exceed the fiscal year 1997 appropriated level shall be deposited
672 by the commission into the School Ad Valorem Tax Reduction Fund
673 created pursuant to Section 37-61-35, with the balance to be

674 transferred to the Education Enhancement Fund created under
675 Section 37-61-33 for appropriation by the Legislature as other
676 education needs and not subject to the percentage set asides set
677 forth in Section 37-61-33.

678 (8) On or before August 15, 1992, and each succeeding month
679 thereafter, nine and seventy-three one-thousandths percent
680 (9.073%) of the total sales tax revenue collected during the
681 preceding month under the provisions of this chapter, except that
682 collected under the provisions of Section 27-65-17(2) shall be
683 deposited into the Education Enhancement Fund created pursuant to
684 Section 37-61-33.

685 (9) On or before August 15, 1994, and each succeeding month
686 thereafter, from the revenue collected under this chapter during
687 the preceding month, Two Hundred Fifty Thousand Dollars
688 (\$250,000.00) shall be paid into the State Aid Road Fund.

689 (10) On or before August 15, 1994, and each succeeding month
690 thereafter through August 15, 1995, from the revenue collected
691 under this chapter during the preceding month, Two Million Dollars
692 (\$2,000,000.00) shall be deposited into the Motor Vehicle Ad
693 Valorem Tax Reduction Fund established in Section 27-51-105.

694 (11) Notwithstanding any other provision of this section to
695 the contrary, on or before February 15, 1995, and each succeeding
696 month thereafter, the sales tax revenue collected during the
697 preceding month under the provisions of Section 27-65-17(2) shall
698 be deposited, without diversion, into the Motor Vehicle Ad Valorem
699 Tax Reduction Fund established in Section 27-51-105.

700 (12) Notwithstanding any other provision of this section to
701 the contrary, on or before August 15, 1995, and each succeeding
702 month thereafter, the sales tax revenue collected during the
703 preceding month under the provisions of Section 27-65-17(1) on
704 retail sales of private carriers of passengers and light carriers
705 of property, as defined in Section 27-51-101, shall be deposited,
706 after diversion, into the Motor Vehicle Ad Valorem Tax Reduction

707 Fund established in Section 27-51-105.

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

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

723 (15) Notwithstanding any other provision of this section to
724 the contrary, on or before August 15, 1999, and each succeeding
725 month thereafter, the sales tax revenue collected during the
726 preceding month under the provisions of Section 7 of House Bill
727 No. 1581, 1999 Regular Session, shall be deposited, without
728 diversion, into the Telecommunications Ad Valorem Tax Reduction
729 and Local Distribution Fund established in Section 4 of House Bill
730 No. 1581, 1999 Regular Session.

731 (16) The remainder of the amounts collected under the
732 provisions of this chapter shall be paid into the State Treasury
733 to the credit of the General Fund.

734 (17) It shall be the duty of the municipal officials of any
735 municipality which expands its limits, or of any community which
736 incorporates as a municipality, to notify the commissioner of such
737 action thirty (30) days before the effective date. Failure to so
738 notify the commissioner shall cause such municipality to forfeit
739 the revenue which it would have been entitled to receive during

740 this period of time when the commissioner had no knowledge of the
741 action. If any funds have been erroneously disbursed to any
742 municipality or any overpayment of tax is recovered by the
743 taxpayer, the commissioner may make correction and adjust the
744 error or overpayment with such municipality by withholding the
745 necessary funds from any subsequent payment to be made to the
746 municipality.

747 SECTION 10. Section 27-35-319, Mississippi Code of 1972, is
748 amended as follows:

749 27-35-319. * * * Notwithstanding the provisions of Sections
750 27-35-31, 27-35-309, 27-35-317 and 27-35-323, when all the
751 property of a telephone company is located in not more than six
752 (6) counties, it shall be assessed and taxed as that of a person;
753 and the laws, providing for the assessment and collection of taxes
754 on the property of persons, shall apply to the assessment and
755 collection of taxes on the property of such companies. All shares
756 or certificates of stock issued by any such corporation or company
757 shall be exempt from taxation and shall not be returned for
758 assessment. Its land and tangible personal property shall be
759 assessed and taxed where situated on the first day of January of
760 the year.

761 * * *

762 SECTION 11. Sections 8 and 9 of this act shall be effective
763 with respect to taxable services reflected on bills submitted by
764 communications service providers to their customers which are
765 dated on or after July 1, 1999, regardless of when such services
766 are provided. Section 12 of this act shall take effect on January
767 1, 2000. The remaining provisions of this act shall take effect
768 and be in force from and after July 1, 1999.