

By: Representative Ellis

To: Ways and Means

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 EQUAL TO 50% OF THE AGGREGATE
5 AMOUNT OF THE AD VALOREM TAX PAID BY SUCH PERSON OR ENTITY TO
6 LOCAL TAXING DISTRICTS IN THIS STATE; TO PROVIDE THAT SUCH REFUNDS
7 SHALL BE PAID BY THE STATE TAX COMMISSION EXCLUSIVELY FROM THE
8 TELECOMMUNICATION AD VALOREM TAX REDUCTION AND LOCAL DISTRIBUTION
9 FUND CREATED BY THIS ACT; TO PROVIDE THAT AMOUNTS IN EXCESS OF THE
10 AMOUNTS NECESSARY TO PAY SUCH REBATES SHALL BE PAID TO
11 MUNICIPALITIES, COUNTIES AND SCHOOL DISTRICTS; TO CREATE THE
12 TELECOMMUNICATION AD VALOREM TAX REDUCTION AND LOCAL DISTRIBUTION
13 FUND; TO PROVIDE THAT SUCH FUND SHALL BE ADMINISTERED BY THE STATE
14 TAX COMMISSION; TO PROHIBIT POLITICAL SUBDIVISIONS FROM LEVYING
15 ANY TAX, CHARGE OR FEE ON COMMUNICATIONS SERVICES OR
16 COMMUNICATIONS SERVICE PROVIDERS AFTER THE EFFECTIVE DATE OF THIS
17 ACT; TO REQUIRE THAT ALL ASPECTS OF A MUNICIPALITY'S MANAGEMENT OF
18 THE PUBLIC RIGHTS-OF-WAY SHALL BE COMPETITIVELY NEUTRAL AND
19 NONDISCRIMINATORY; TO REQUIRE A RATE REDUCTION BY CERTAIN
20 COMMUNICATIONS SERVICE PROVIDERS THAT EXPERIENCE A TAX SAVING AS A
21 RESULT OF THE PROVISIONS OF THIS ACT; TO AMEND SECTIONS 27-65-3
22 AND 27-65-19, MISSISSIPPI CODE OF 1972, TO REVISE THE SALES TAX ON
23 PERSONS OPERATING TELEGRAPH AND TELEPHONE BUSINESSES TO PROVIDE
24 THAT THE TAX IS LEVIED UPON THE AMOUNTS PAID FOR RETAIL PURCHASE
25 OF COMMUNICATIONS SERVICES WHICH EITHER ORIGINATE OR TERMINATE IN
26 THIS STATE; TO AMEND SECTION 27-65-75, MISSISSIPPI CODE OF 1972,
27 TO PROVIDE THAT THE PORTION OF THE SALES TAX ON COMMUNICATIONS
28 ATTRIBUTABLE TO INTERSTATE COMMUNICATIONS SERVICES SHALL BE
29 DEPOSITED WITHOUT DIVERSION INTO THE TELECOMMUNICATION AD VALOREM
30 TAX REDUCTION AND LOCAL DISTRIBUTION FUND; TO AMEND SECTION
31 27-35-319, MISSISSIPPI CODE OF 1972, TO REMOVE PROVISIONS THAT
32 CLASSIFY THE PROPERTY OF TELEPHONE COMPANIES LOCATED IN MORE THAN
33 SIX COUNTIES AS CLASS IV OR CLASS II PROPERTY; TO REPEAL SECTIONS
34 21-33-201 THROUGH 21-33-211, MISSISSIPPI CODE OF 1972, WHICH
35 CONSTITUTE THE CITY UTILITY TAX LAW; AND FOR 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. It is the finding of the Legislature that the
40 communications industry has become increasingly competitive and
41 that the distinctions among the providers of the various types of
42 communications services have become blurred. Further, it is a

43 finding of the Legislature that the Mississippi property tax laws
44 unjustly discriminate against certain telephone companies and
45 place them at a competitive disadvantage because their properties
46 are classified as Class IV property and assessed at the ratio of
47 thirty percent (30%) of such properties' true value while their
48 competitors' properties are classified as Class III property and
49 assessed at the ratio of fifteen percent (15%) of such properties'
50 true value. Accordingly, the Legislature finds that, in order to
51 mitigate the effects of such discriminatory treatment, telephone
52 companies whose properties are classified as Class IV property
53 should be entitled to a refund of a portion of their ad valorem
54 tax in an amount equal to their excess ad valorem property tax
55 attributable to the higher assessment ratio applicable to Class IV
56 property. The Legislature further finds that it is in the best
57 interests of the state that the revenues available to it not be
58 diminished by the ad valorem tax refunds granted to certain
59 telephone companies and that the revenues available to local
60 taxing districts be enhanced. The Legislature further finds that
61 an expansion of the state sales tax to cover certain
62 communications services not currently subject to sales tax is
63 expected to provide tax revenues sufficient to offset the amount
64 of such refunds and also to provide additional funds for local
65 taxing districts. The Legislature further finds that it is not
66 appropriate for the providers of certain types of communications
67 services to be required to pay certain local taxes, charges and
68 fees while other communications service providers are not required
69 to pay some or all of such taxes, charges and fees.

70 SECTION 3. As used in Sections 1 through 8 of this act:

71 (a) "Communications service" shall have the meaning
72 ascribed to such term in Section 27-65-3.

73 (b) "Local exchange telephone company" shall have the
74 meaning ascribed to such term in Section 27-65-3.

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

79 SECTION 4. (1) (a) Except as otherwise provided in

80 paragraph (a) of this subsection (1), for ad valorem tax payments
81 made after January 1, 1999, every person or entity providing
82 communications services shall be entitled to a refund from the
83 State of Mississippi in an amount equal to fifty percent (50%) of
84 the aggregate amount of the ad valorem tax paid by such person or
85 entity to local taxing districts in this state.

86 (b) For ad valorem tax payments made by local exchange
87 telephone companies prior to December 31, 2000, such local
88 exchange telephone companies shall be entitled to a refund from
89 the State of Mississippi in an amount equal to twenty-five percent
90 (25%) of the aggregate amount of the ad valorem tax paid by such
91 company to local taxing districts in this state, thereafter any
92 such company shall be entitled to payments in the amount provided
93 for in paragraph (a) of this subsection (1).

94 (2) On or before March 15, 2000, and on or before March 15
95 of each year thereafter, the State Tax Commission shall, to the
96 extent possible, pay all refunds to which communications service
97 providers are entitled under the provisions of subsection (1) of
98 this section for ad valorem taxes that became due on or before the
99 first day of February immediately preceding March 15.

100 (3) Payments made pursuant to subsection (1) of this section
101 shall be paid by the State Tax Commission exclusively from the
102 Telecommunication Ad Valorem Tax Reduction and Local Distribution
103 Fund created pursuant to Section 5 of this act. If the money in
104 such fund is insufficient to make the payments in the amounts
105 required by this section, the amount of the payments shall be
106 prorated to all of the taxpayers entitled to receive a payment
107 pursuant to subsection (1) of this section.

108 (4) On or before April 15, 2000, and on or before April 15
109 of each year thereafter, amounts in the Telecommunications Ad
110 Valorem Tax Reduction and Local Distribution Fund in excess of (i)
111 the amounts necessary to make the payments provided for in
112 subsection (1) of this section, (ii) the amount the State Tax

113 Commission utilizes pursuant to Section 5(3) of this act, and
114 (iii) the amount of the reserve required pursuant to Section 5(4)
115 of this act, shall be paid to each local taxing district as
116 follows:

117 (a) One-third (1/3) shall be distributed to each
118 municipality in this state in the proportion that the amount of
119 revenues derived from the provision of communications services in
120 such municipality bears to the total amount of revenues derived
121 from the provision of communications services in all
122 municipalities in this state.

123 (b) One-third (1/3) shall be distributed to each public
124 school district in this state in the proportion that the average
125 daily attendance in such school district bears to the total
126 average daily attendance of all public school districts in the
127 state.

128 (c) One-third (1/3) shall be distributed to all other
129 local taxing districts in the proportion that the true value of
130 the Class IV property of communications service providers in such
131 taxing district bears to the true value of all such property in
132 the state.

133 SECTION 5. (1) There is created in the State Treasury a
134 special fund to be known as the Telecommunications Ad Valorem Tax
135 Reduction and Local Distribution Fund, into which shall be
136 deposited the money specified in Section 27-65-75(17) and such
137 other money as the Legislature may provide by appropriation. The
138 money in the fund shall be used to pay the reasonable and
139 necessary expenses incurred by the State Tax Commission in
140 administering the provisions of this act as provided for in
141 subsection (3) of this section and to make the payments provided
142 for in Section 4 of this act.

143 (2) The Telecommunications Ad Valorem Tax Reduction and
144 Local Distribution Fund shall be administered by the State Tax
145 Commission, and money in the fund shall be expended upon

146 appropriation by the Legislature. Unexpended amounts remaining in
147 the fund at the end of the state fiscal year shall not lapse into
148 the State General Fund, and any interest earned on amounts in the
149 fund shall be deposited to the credit of the fund. The State Tax
150 Commission shall make the calculations necessary to make the
151 distributions required pursuant to Section 4 of this act.

152 (3) A portion of the money in the fund may be utilized by
153 the State Tax Commission to pay the reasonable and necessary
154 expenses of the State Tax Commission incurred in administering
155 this act; provided, however, that this amount shall not exceed one
156 percent (1%) of the monthly amount deposited in the fund.

157 (4) (a) There is hereby established in the
158 Telecommunications Ad Valorem Tax Reduction and Local Distribution
159 Fund a reserve to be used for the purpose of assuring that such
160 fund will contain sufficient monies to pay the refunds to which
161 communications service providers will be entitled in the
162 immediately subsequent year;

163 (b) (i) Following payment of the refunds to which
164 communications service providers are entitled under Section 4 each
165 year and prior to the payments mandated by Section 4(4) of this
166 act, the amount of the reserve shall be set at twenty percent
167 (20%) of the total amount of such refunds.

168 (ii) Notwithstanding the provisions of item (i) of
169 this paragraph (b), with respect to the payment of refunds
170 attributable to property taxes due on or before February 1, 2000,
171 the amount of the reserve shall be computed as though local
172 exchange telephone companies were entitled to the full amount of
173 the refund as set forth in Section 4(1)(a) of this act.

174 SECTION 6. (1) Upon the effective date of this act, no
175 political subdivision of this state may levy any tax, charge or
176 fee on communications services or communications service
177 providers, or collect any such taxes, charges or fees from
178 communications services or communications service providers.

179 (2) For purposes of this section, a tax, charge or fee
180 includes any tax, charge, fee or in-kind payment of property or
181 services, which is required by ordinance or agreement to be paid
182 or furnished to a political subdivision by or through a provider
183 of communications services regardless of whether such tax, charge,
184 fee or in-kind payment of property or services is:

185 (a) Designated as a utility tax, franchise fee, sales
186 tax, excise tax, user fee, occupancy fee, occupational or business
187 license tax, subscriber charge or otherwise;

188 (b) Measured by the amounts charged for services or
189 otherwise;

190 (c) Intended as compensation for the use of public
191 rights-of-way; or

192 (d) Permitted or required to be separately stated on
193 the customer's bill.

194 (3) This section shall not apply to ad valorem taxes levied
195 as provided by law or to emergency telephone surcharges levied
196 pursuant to Chapter 5, Title 19, Mississippi Code of 1972.

197 SECTION 7. All aspects of a municipality's management of the
198 public rights-of-way, including without limitation the granting or
199 denial of construction permits and the time periods for approving
200 such permits, shall be competitively neutral and
201 nondiscriminatory.

202 SECTION 8. To the extent that a person or entity providing
203 communications services that are regulated by the Mississippi
204 Public Service Commission experiences a tax saving as a result of
205 the provisions of this act, such saving shall inure to the benefit
206 of the customers of such person or entity. Any local exchange
207 telephone company that experiences a tax saving as a result of the
208 provisions of this act shall reduce its rates by the amount of the
209 tax saving in the following manner:

210 (a) Two-thirds (2/3) of the amount of the tax saving
211 shall be used to reduce intrastate access charges.

212 (b) The remaining one-third (1/3) of the amount of the
213 tax saving shall be used to reduce rates for residential and
214 business services proportionately.

215 (c) The Mississippi Public Service Commission shall
216 issue a rate reduction order implementing the provisions of this
217 section on or before December 31, 1999.

218 SECTION 9. Section 27-65-3, Mississippi Code of 1972, is
219 amended as follows:

220 27-65-3. The words, terms and phrases, when used in this
221 chapter, shall have the meanings ascribed to them herein:

222 (a) "Tax Commission" means the State Tax Commission of
223 the State of Mississippi.

224 (b) "Commissioner" means the Chairman of the State Tax
225 Commission.

226 (c) "Person" means and includes any individual, firm,
227 copartnership, joint venture, association, corporation, estate,
228 trust or other group or combination acting as a unit, and includes
229 the plural as well as the singular in number. "Person" shall
230 include husband or wife or both where joint benefits are derived
231 from the operation of a business taxed hereunder. "Person" shall
232 also include any state, county, municipal or other agency or
233 association engaging in a business taxable under this chapter.

234 (d) "Tax year" or "taxable year" means either the
235 calendar year or the taxpayer's fiscal year.

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

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

243 "Sale" shall also include the passing of title to property
244 for a consideration of coupons, trading stamps or by any other

245 means when redemption is subsequent to the original sale by which
246 the coupon, stamp or other obligation was created.

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

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

253 (ii) The situs of wholesale sales of tangible
254 personal property taxed at wholesale rates, the amount of which is
255 allowed as a credit against the sales tax liability of the
256 retailer, shall be the same as the location of the business of the
257 retailer receiving the credit.

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

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

265 (g) "Delivery charges" shall mean and include any
266 expenses incurred by a seller in acquiring merchandise for sale in
267 the regular course of business commonly known as "freight-in" or
268 "transportation costs-in." "Delivery charges" also include any
269 charges made by the seller for delivery of property sold to the
270 purchaser.

271 (h) "Gross proceeds of sales" means the value
272 proceeding or accruing from the full sale price of tangible
273 personal property, including installation charges, carrying
274 charges, or any other addition to the selling price on account of
275 deferred payments by the purchaser, without any deduction for
276 delivery charges, cost of property sold, other expenses or losses,
277 or taxes of any kind except those expressly exempt by this

278 chapter.

279 Where a trade-in is taken as part payment on tangible
280 personal property sold, "gross proceeds of sales" shall include
281 only the difference received between the selling price of the
282 tangible personal property and the amount allowed for a trade-in
283 of property of the same kind. When the trade-in is subsequently
284 sold, the selling price thereof shall be included in "gross
285 proceeds of sales."

286 "Gross proceeds of sales" shall include the value of any
287 goods, wares, merchandise or property purchased at wholesale or
288 manufactured, and any mineral or natural resources produced which
289 are excluded from the tax levied by Section 27-65-15, which are
290 withdrawn or used from an established business or from the stock
291 in trade for consumption or any other use in the business or by
292 the owner.

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

295 (i) "Gross income" means the total charges for service
296 or the total receipts (actual or accrued) derived from trades,
297 business or commerce by reason of the investment of capital in the
298 business engaged in, including the sale or rental of tangible
299 personal property, compensation for labor and services performed,
300 and including the receipts from the sales of property retained as
301 toll, without any deduction for rebates, cost of property sold,
302 cost of materials used, labor costs, interest paid, losses or any
303 expense whatever.

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

307 However, "gross income" or "gross proceeds of sales" shall
308 not be construed to include the value of goods returned by
309 customers when the total sale price is refunded either in cash or
310 by credit, or cash discounts allowed and taken on sales. Cash

311 discounts shall not include the value of trading stamps given with
312 a sale of property.

313 (j) "Tangible personal property" means personal
314 property perceptible to the human senses or by chemical analysis
315 as opposed to real property or intangibles and shall include
316 property sold on an installed basis which may become a part of
317 real or personal property.

318 (k) "Installation charges" shall mean and include the
319 charge for the application of tangible personal property to real
320 or personal property without regard to whether or not it becomes a
321 part of the real property or retains its personal property
322 classification. It shall include, but not be limited to, sales in
323 place of roofing, tile, glass, carpets, drapes, fences, awnings,
324 window air conditioning units, gasoline pumps, window guards,
325 floor coverings, carports, store fixtures, aluminum and plastic
326 siding, tombstones and similar personal property.

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

328 (i) Is not published primarily for advertising
329 purposes and has not contained more than seventy-five percent
330 (75%) advertising in more than one-half (1/2) of its issues during
331 any consecutive twelve-month period excluding separate advertising
332 supplements inserted into but separately identifiable from any
333 regular issue or issues;

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

336 (iii) Is regularly issued at stated intervals no
337 less frequently than once a week, bears a date of issue, and is
338 numbered consecutively; provided, however, that publication on
339 legal holidays of this state or of the United States and on
340 Saturdays and Sundays shall not be required, and failure to
341 publish not more than two (2) regular issues in any calendar year
342 shall not exclude a periodical from this definition;

343 (iv) Is issued from a known office of publication,

344 which shall be the principal public business office of the
345 newspaper and need not be the place at which the periodical is
346 printed and a newspaper shall be deemed to be "published" at the
347 place where its known office of publication is located;

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

352 (vi) Is originated and published for the
353 dissemination of current news and intelligence of varied, broad
354 and general public interest, announcements and notices, opinions
355 as editorials on a regular or irregular basis, and advertising and
356 miscellaneous reading matter.

357 The term "newspaper" shall include periodicals which are
358 designed primarily for free circulation or for circulation at
359 nominal rates as well as those which are designed for circulation
360 at more than a nominal rate.

361 The term "newspaper" shall not include a publication or
362 periodical which is published, sponsored by, is directly supported
363 financially by, or is published to further the interests of, or is
364 directed to, or has a circulation restricted in whole or in part
365 to any particular sect, denomination, labor or fraternal
366 organization or other special group or class of citizens.

367 For purposes of this paragraph, a periodical designed
368 primarily for free circulation or circulation at nominal rates
369 shall not be considered to be a newspaper unless such periodical
370 has made an application for such status to the Tax Commission in
371 the manner prescribed by the commission and has provided to the
372 Tax Commission documentation satisfactory to the commission
373 showing that such periodical meets the requirements of the
374 definition of the term "newspaper." However, if such periodical
375 has been determined to be a newspaper under action taken by the
376 State Tax Commission on or before April 11, 1996, such periodical

377 shall be considered to be a newspaper without the necessity of
378 applying for such status. A determination by the State Tax
379 Commission that a publication is a newspaper shall be limited to
380 the application of this chapter and shall not establish that the
381 publication is a newspaper for any other purpose.

382 (m) "Communications service" means the provision,
383 transmission, conveyance or routing, for a consideration, of
384 voice, data, video or any other information or signals of the
385 purchaser's choosing to a point, or between or among points,
386 specified by the purchaser, by or through any electronic, radio or
387 similar medium or method now in existence or hereafter devised.
388 The term "communications service" shall include, but not be
389 limited to, local telephone services, toll telephone services,
390 telegraph services, teletypewriter services, teleconferencing
391 services, private line services, channel services and mobile
392 communications services. The term "communications service" shall
393 not include cable television service and shall not include
394 information and data services, including the storage of data or
395 information for subsequent retrieval, the retrieval of data or
396 information, or the processing, or reception and processing, of
397 data or information intended to change its form or content.

398 (n) "Interstate communications service" means any
399 communications service which either originates in this state or
400 terminates in this state but does not both originate and terminate
401 in this state.

402 (o) "Local telephone service" means the access to a
403 local telephone system and the privilege of communications within
404 a local calling area.

405 (p) "Toll telephone service" means: (i) communications
406 for which there is a toll charge that varies in amount according
407 to the distance and/or elapsed transmission time of the
408 communication; or (ii) a service that entitles the subscriber or
409 user, upon the payment of a periodic charge, to the privilege of

410 an unlimited number of communications to or from a location
411 outside of a local calling area. The term "toll telephone
412 service" includes, but is not limited to, wide-area telephone
413 services.

414 (q) "Mobile communications service" means any one-way
415 or two-way radio communications service carried on between mobile
416 stations or receivers and land stations, and by mobile stations
417 communicating among themselves, and shall include, but not be
418 limited to, cellular communications services, personal
419 communications services, paging services, specialized mobile radio
420 services and any other form of mobile one-way or two-way
421 communications service.

422 (r) "Prepaid telephone calling arrangement" means any
423 right to exclusively purchase telecommunications services, which
424 must be paid for in advance and which enables the origination of
425 calls using an access number and/or authorization code, whether
426 manually or electronically dialed.

427 (s) "Service address" means the location of the
428 communications equipment from which communications services are
429 originated or at which communications services are received by the
430 customer. In the event that this is not a defined location, as in
431 the case of mobile phones, paging systems, maritime systems,
432 air-to-ground systems and the like, "service address" shall mean
433 the location of the customer's primary use of the communications
434 equipment, as determined by the customer's residence address or
435 business address, whichever more accurately reflects the
436 jurisdiction in which the customer typically uses the mobile
437 communications service; provided, however, that such address shall
438 be in a state that includes the service area of the mobile
439 communications service provider.

440 SECTION 10. Section 27-65-19, Mississippi Code of 1972, is
441 amended as follows:

442 27-65-19. (1) (a) Except as otherwise provided in this

443 subsection, upon every person selling to consumers, electricity,
444 current, power, potable water, steam, coal, natural gas, liquefied
445 petroleum gas or other fuel, there is hereby levied, assessed and
446 shall be collected a tax equal to seven percent (7%) of the gross
447 income of the business. Provided, gross income from sales to
448 consumers of electricity, current, power, natural gas, liquefied
449 petroleum gas or other fuel for residential heating, lighting or
450 other residential noncommercial or nonagricultural use, and sales
451 of potable water for residential, noncommercial or nonagricultural
452 use shall be excluded from taxable gross income of the business.
453 Provided further, upon every such seller using electricity,
454 current, power, potable water, steam, coal, natural gas, liquefied
455 petroleum gas or other fuel for nonindustrial purposes, there is
456 hereby levied, assessed and shall be collected a tax equal to
457 seven percent (7%) of the cost or value of the product or service
458 used.

459 (b) There is hereby levied, assessed and shall be
460 collected a tax equal to one and one-half percent (1-1/2%) of the
461 gross income of the business when the electricity, current, power,
462 steam, coal, natural gas, liquefied petroleum gas or other fuel is
463 sold to or used by a manufacturer, custom processor or public
464 service company for industrial purposes, which shall include that
465 used to generate electricity, to operate an electrical
466 distribution or transmission system, to operate pipeline
467 compressor or pumping stations or to operate railroad locomotives;
468 provided, however, that:

469 (i) From and after July 1, 2000, through June 30,
470 2001, sales of fuel used to produce electric power by a company
471 primarily engaged in the business of producing, generating or
472 distributing electric power for sale shall be taxed at the rate of
473 one and one-eighth percent (1.125%);

474 (ii) From and after July 1, 2001, through June 30,
475 2002, sales of fuel used to produce electric power by a company

476 primarily engaged in the business of producing, generating or
477 distributing electric power for sale shall be taxed at the rate of
478 three-fourths of one percent (0.75%);

479 (iii) From and after July 1, 2002, through June
480 30, 2003, sales of fuel used to produce electric power by a
481 company primarily engaged in the business of producing, generating
482 or distributing electric power for sale shall be taxed at the rate
483 of three-eighths of one percent (0.375%);

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

489 (c) The one and one-half percent (1-1/2%) industrial
490 rate provided for in this subsection shall also apply when the
491 electricity, current, power, steam, coal, natural gas, liquefied
492 petroleum gas or other fuel is sold to a producer or processor for
493 use directly in the production of poultry or poultry products, the
494 production of livestock and livestock products, the production of
495 plants or food by commercial horticulturists, the processing of
496 milk and milk products, the processing of poultry and livestock
497 feed, and the irrigation of farm crops.

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

502 (e) (i) Except as otherwise provided in this
503 subsection, upon every person engaged in the business of providing
504 communications services there is hereby levied, assessed and shall
505 be collected, a tax equal to seven percent (7%) of the amounts
506 paid for the retail purchase of such communications services which
507 either originate or terminate in this state and which are charged
508 to a service address in this state, regardless of where such

509 amounts are billed or paid. However, the transfer for a
510 consideration of prepaid telephone calling arrangements and the
511 recharge of prepaid telephone calling arrangements shall be
512 taxable at the point of sale and not at the point of usage. If
513 the sale or recharge of a prepaid telephone calling arrangement
514 does not take place at the vendor's place of business, the sale or
515 recharge shall be conclusively determined to take place at the
516 customer's shipping address, or if there is no item shipped, at
517 the customer's billing address or the location associated with the
518 customer's mobile telephone number.

519 (ii) Amounts paid for the retail purchase of
520 communications service shall include amounts paid for, or
521 attributable to, the connection, movement, change or termination
522 of a communications service, but shall not include amounts paid
523 for or attributable to:

524 (A) Communications services which are resold,
525 used as a component part of, or integrated into a communications
526 service, including, but not limited to, carrier access charges,
527 right of access charges, interconnection charges paid by the
528 providers of mobile communications services or other
529 communications services, charges for the sale of unbundled network
530 elements, and any other intercompany charges for the use of
531 facilities for providing communications services.

532 (B) Any excise tax, sales tax, or similar
533 tax, fee or assessment levied by the United States or any state or
534 local government, including, but not limited to, emergency
535 telephone surcharges, upon the purchase, sale, use or consumption
536 of any communications service, which is permitted or required to
537 be added to the purchase price of such service.

538 (C) Services which are ancillary to the
539 provision of communications service but are not directly related
540 to the transmission of voice, data or information, including, but
541 not limited to the installation or maintenance of wiring or

542 equipment on a customer's premises, directory advertising,
543 detailed billing services, bad check charges and late payment
544 charges.

545 (D) Communications services which have been
546 obtained through fraudulent means or reimbursements between
547 communications service providers intended to cover the cost of
548 fraudulent communications activity.

549 (E) Value added nonvoice services in which
550 computer-processing applications are used to act on the form,
551 content, code or protocol of the information to be transmitted.

552 (F) Communications services provided among
553 entities classified as members of an affiliated group as provided
554 by federal law (26 USCS Section 1504).

555 (iii) To prevent actual multistate taxation of a
556 communications service subject to taxation under this section, any
557 taxpayer, upon proof that such taxpayer has paid a state or local
558 tax in another state on such service, shall be allowed a credit
559 against the tax imposed by this section to the extent of the
560 amount of such tax paid in such other state.

561 (2) Persons making sales to consumers of electricity,
562 current, power, natural gas, liquefied petroleum gas or other fuel
563 for residential heating, lighting or other residential
564 noncommercial or nonagricultural use or sales of potable water for
565 residential, noncommercial or nonagricultural use shall indicate
566 on each statement rendered to customers that such charges are
567 exempt from sales taxes.

568 (3) There is hereby levied, assessed and shall be paid on
569 transportation charges on shipments moving between points within
570 this state when paid directly by the consumer, a tax equal to the
571 rate applicable to the sale of the property being transported.
572 Such tax shall be reported and paid directly to the State Tax
573 Commission by the consumer.

574 SECTION 11. Section 27-65-75, Mississippi Code of 1972, is

575 amended as follows:

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

577 27-65-75. On or before the fifteenth day of each month, the
578 revenue collected under the provisions of this chapter during the
579 preceding month shall be paid and distributed as follows:

580 (1) On or before August 15, 1992, and each succeeding month
581 thereafter through July 15, 1993, eighteen percent (18%) of the
582 total sales tax revenue collected during the preceding month under
583 the provisions of this chapter, except that collected under the
584 provisions of Sections 27-65-15, 27-65-19(3) and 27-65-21, on
585 business activities within a municipal corporation shall be
586 allocated for distribution to such municipality and paid to such
587 municipal corporation. On or before August 15, 1993, and each
588 succeeding month thereafter, eighteen and one-half percent
589 (18-1/2%) of the total sales tax revenue collected during the
590 preceding month under the provisions of this chapter, except that
591 collected under the provisions of Sections 27-65-15, 27-65-19(3)
592 and 27-65-21, on business activities within a municipal
593 corporation shall be allocated for distribution to such
594 municipality and paid to such municipal corporation.

595 A municipal corporation, for the purpose of distributing the
596 tax under this subsection, shall mean and include all incorporated
597 cities, towns and villages.

598 Monies allocated for distribution and credited to a municipal
599 corporation under this subsection may be pledged as security for
600 any loan received by the municipal corporation for the purpose of
601 capital improvements as authorized under Section 57-1-303, or
602 loans as authorized under Section 57-44-7, or water systems
603 improvements as authorized under Section 41-3-16.

604 In any county having a county seat which is not an
605 incorporated municipality, the distribution provided hereunder
606 shall be made as though the county seat was an incorporated
607 municipality; however, the distribution to such municipality shall

608 be paid to the county treasury wherein the municipality is located
609 and such funds shall be used for road, bridge and street
610 construction or maintenance therein.

611 (2) On or before September 15, 1987, and each succeeding
612 month thereafter, from the revenue collected under this chapter
613 during the preceding month One Million One Hundred Twenty-five
614 Thousand Dollars (\$1,125,000.00) shall be allocated for
615 distribution to municipal corporations as defined under subsection
616 (1) of this section in the proportion that the number of gallons
617 of gasoline and diesel fuel sold by distributors to consumers and
618 retailers in each such municipality during the preceding fiscal
619 year bears to the total gallons of gasoline and diesel fuel sold
620 by distributors to consumers and retailers in municipalities
621 statewide during the preceding fiscal year. The State Tax
622 Commission shall require all distributors of gasoline and diesel
623 fuel to report to the commission monthly the total number of
624 gallons of gasoline and diesel fuel sold by them to consumers and
625 retailers in each municipality during the preceding month. The
626 State Tax Commission shall have the authority to promulgate such
627 rules and regulations as is necessary to determine the number of
628 gallons of gasoline and diesel fuel sold by distributors to
629 consumers and retailers in each municipality. In determining the
630 percentage allocation of funds under this subsection for the
631 fiscal year beginning July 1, 1987, and ending June 30, 1988, the
632 State Tax Commission may consider gallons of gasoline and diesel
633 fuel sold for a period of less than one (1) fiscal year. For the
634 purposes of this subsection, the term "fiscal year" means the
635 fiscal year beginning July 1 of a year.

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

641 Program created under Section 65-3-97 shall be deposited into the
642 State Treasury to the credit of the State Highway Fund to be used
643 to fund such Four-Lane Highway Program. The Mississippi
644 Department of Transportation shall provide to the State Tax
645 Commission such information as is necessary to determine the
646 amount of proceeds to be distributed under this subsection.

647 (4) On or before August 15, 1994, and on or before the
648 fifteenth day of each succeeding month, from the proceeds of
649 gasoline, diesel fuel or kerosene taxes as provided in Section
650 27-5-101(a)(ii)1, Four Million Dollars (\$4,000,000.00) shall be
651 deposited in the State Treasury to the credit of a special fund
652 designated as the "State Aid Road Fund," created by Section
653 65-9-17. Such funds shall be pledged to pay the principal of and
654 interest on state aid road bonds heretofore issued under Sections
655 19-9-51 through 19-9-77, in lieu of and in substitution for the
656 funds heretofore allocated to counties under this section. Such
657 funds may not be pledged for the payment of any state aid road
658 bonds issued after April 1, 1981; however, this prohibition
659 against the pledging of any such funds for the payment of bonds
660 shall not apply to any bonds for which intent to issue such bonds
661 has been published, for the first time, as provided by law prior
662 to March 29, 1981. From the amount of taxes paid into the special
663 fund pursuant to this subsection and subsection (9) of this
664 section, there shall be first deducted and paid the amount
665 necessary to pay the expenses of the Office of State Aid Road
666 Construction, as authorized by the Legislature for all other
667 general and special fund agencies. The remainder of the fund
668 shall be allocated monthly to the several counties in accordance
669 with the following formula:

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

672 (b) One-third (1/3) shall be allocated to counties
673 based on the proportion that the total number of rural road miles

674 in a county bears to the total number of rural road miles in all
675 counties of the state; and

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

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

683 The amount of funds allocated to any county under this
684 subsection for any fiscal year after fiscal year 1994 shall not be
685 less than the amount allocated to such county for fiscal year
686 1994. Monies allocated to a county from the State Aid Road Fund
687 for fiscal year 1995 or any fiscal year thereafter that exceed the
688 amount of funds allocated to that county from the State Aid Road
689 Fund for fiscal year 1994, first must be expended by the county
690 for replacement or rehabilitation of bridges on the state aid road
691 system that have a sufficiency rating of less than twenty-five
692 (25), according to National Bridge Inspection standards before
693 such monies may be approved for expenditure by the State Aid Road
694 Engineer on other projects that qualify for the use of state aid
695 road funds.

696 Any reference in the general laws of this state or the
697 Mississippi Code of 1972 to Section 27-5-105 shall mean and be
698 construed to refer and apply to subsection (4) of Section
699 27-65-75.

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

706 (6) An amount each month beginning August 15, 1983, through

707 November 15, 1986, as specified in Section 6 of Chapter 542, Laws
708 of 1983, shall be paid into the special fund known as the
709 Correctional Facilities Construction Fund created in Section 6 of
710 Chapter 542, Laws of 1983.

711 (7) On or before August 15, 1992, and each succeeding month
712 thereafter, two and two hundred sixty-six one-thousandths percent
713 (2.266%) of the total sales tax revenue collected during the
714 preceding month under the provisions of this chapter, except that
715 collected under the provisions of Section 27-65-17(2) shall be
716 deposited by the commission into the School Ad Valorem Tax
717 Reduction Fund created pursuant to Section 37-61-35.

718 (8) On or before August 15, 1992, and each succeeding month
719 thereafter, nine and seventy-three one-thousandths percent
720 (9.073%) of the total sales tax revenue collected during the
721 preceding month under the provisions of this chapter, except that
722 collected under the provisions of Section 27-65-17(2) shall be
723 deposited into the Education Enhancement Fund created pursuant to
724 Section 37-61-33.

725 (9) On or before August 15, 1994, and each succeeding month
726 thereafter, from the revenue collected under this chapter during
727 the preceding month, Two Hundred Fifty Thousand Dollars
728 (\$250,000.00) shall be paid into the State Aid Road Fund.

729 (10) On or before August 15, 1994, and each succeeding month
730 thereafter through August 15, 1995, from the revenue collected
731 under this chapter during the preceding month, Two Million Dollars
732 (\$2,000,000.00) shall be deposited into the Motor Vehicle Ad
733 Valorem Tax Reduction Fund established in Section 27-51-105.

734 (11) Notwithstanding any other provision of this section to
735 the contrary, on or before February 15, 1995, and each succeeding
736 month thereafter, the sales tax revenue collected during the
737 preceding month under the provisions of Section 27-65-17(2) and
738 the corresponding levy in Section 27-65-23 on the rental or lease
739 of private carriers of passengers and light carriers of property

740 as defined in Section 27-51-101 shall be deposited, without
741 diversion, into the Motor Vehicle Ad Valorem Tax Reduction Fund
742 established in Section 27-51-105.

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

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

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

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

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

773 action thirty (30) days before the effective date. Failure to so
774 notify the commissioner shall cause such municipality to forfeit
775 the revenue which it would have been entitled to receive during
776 this period of time when the commissioner had no knowledge of the
777 action. If any funds have been erroneously disbursed to any
778 municipality or any overpayment of tax is recovered by the
779 taxpayer, the commissioner may make correction and adjust the
780 error or overpayment with such municipality by withholding the
781 necessary funds from any subsequent payment to be made to the
782 municipality.

783 (17) Notwithstanding any other provision of this section to
784 the contrary, on or before August 15, 1999, and each succeeding
785 month thereafter, the sales tax revenue collected during the
786 preceding month under the provisions of Section 27-65-19(e) with
787 respect to interstate communications services, shall be deposited,
788 without diversion, into the Telecommunications Ad Valorem Tax
789 Reduction and Local Distribution Fund established in Section 5 of
790 House Bill No. _____, 1999 Regular Session.

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

792 27-65-75. On or before the fifteenth day of each month, the
793 revenue collected under the provisions of this chapter during the
794 preceding month shall be paid and distributed as follows:

795 (1) On or before August 15, 1992, and each succeeding month
796 thereafter through July 15, 1993, eighteen percent (18%) of the
797 total sales tax revenue collected during the preceding month under
798 the provisions of this chapter, except that collected under the
799 provisions of Sections 27-65-15, 27-65-19(3) and 27-65-21, on
800 business activities within a municipal corporation shall be
801 allocated for distribution to such municipality and paid to such
802 municipal corporation. On or before August 15, 1993, and each
803 succeeding month thereafter, eighteen and one-half percent
804 (18-1/2%) of the total sales tax revenue collected during the
805 preceding month under the provisions of this chapter, except that

806 collected under the provisions of Sections 27-65-15, 27-65-19(3)
807 and 27-65-21, on business activities within a municipal
808 corporation shall be allocated for distribution to such
809 municipality and paid to such municipal corporation.

810 A municipal corporation, for the purpose of distributing the
811 tax under this subsection, shall mean and include all incorporated
812 cities, towns and villages.

813 Monies allocated for distribution and credited to a municipal
814 corporation under this subsection may be pledged as security for
815 any loan received by the municipal corporation for the purpose of
816 capital improvements as authorized under Section 57-1-303, or
817 loans as authorized under Section 57-44-7, or water systems
818 improvements as authorized under Section 41-3-16.

819 In any county having a county seat which is not an
820 incorporated municipality, the distribution provided hereunder
821 shall be made as though the county seat was an incorporated
822 municipality; however, the distribution to such municipality shall
823 be paid to the county treasury wherein the municipality is located
824 and such funds shall be used for road, bridge and street
825 construction or maintenance therein.

826 (2) On or before September 15, 1987, and each succeeding
827 month thereafter, from the revenue collected under this chapter
828 during the preceding month One Million One Hundred Twenty-five
829 Thousand Dollars (\$1,125,000.00) shall be allocated for
830 distribution to municipal corporations as defined under subsection
831 (1) of this section in the proportion that the number of gallons
832 of gasoline and diesel fuel sold by distributors to consumers and
833 retailers in each such municipality during the preceding fiscal
834 year bears to the total gallons of gasoline and diesel fuel sold
835 by distributors to consumers and retailers in municipalities
836 statewide during the preceding fiscal year. The State Tax
837 Commission shall require all distributors of gasoline and diesel
838 fuel to report to the commission monthly the total number of

839 gallons of gasoline and diesel fuel sold by them to consumers and
840 retailers in each municipality during the preceding month. The
841 State Tax Commission shall have the authority to promulgate such
842 rules and regulations as is necessary to determine the number of
843 gallons of gasoline and diesel fuel sold by distributors to
844 consumers and retailers in each municipality. In determining the
845 percentage allocation of funds under this subsection for the
846 fiscal year beginning July 1, 1987, and ending June 30, 1988, the
847 State Tax Commission may consider gallons of gasoline and diesel
848 fuel sold for a period of less than one (1) fiscal year. For the
849 purposes of this subsection, the term "fiscal year" means the
850 fiscal year beginning July 1 of a year.

851 (3) On or before September 15, 1987, and on or before the
852 fifteenth day of each succeeding month, until the date specified
853 in Section 65-39-35, the proceeds derived from contractors' taxes
854 levied under Section 27-65-21 on contracts for the construction or
855 reconstruction of highways designated under the Four-Lane Highway
856 Program created under Section 65-3-97 shall be deposited into the
857 State Treasury to the credit of the State Highway Fund to be used
858 to fund such Four-Lane Highway Program. The Mississippi
859 Department of Transportation shall provide to the State Tax
860 Commission such information as is necessary to determine the
861 amount of proceeds to be distributed under this subsection.

862 (4) On or before August 15, 1994, and on or before the
863 fifteenth day of each succeeding month from the proceeds of
864 gasoline, diesel fuel or kerosene taxes as provided in Section
865 27-5-101(a)(ii)1, Four Million Dollars (\$4,000,000.00) shall be
866 deposited in the State Treasury to the credit of a special fund
867 designated as the "State Aid Road Fund," created by Section
868 65-9-17. Such funds shall be pledged to pay the principal of and
869 interest on state aid road bonds heretofore issued under Sections
870 19-9-51 through 19-9-77, in lieu of and in substitution for the
871 funds heretofore allocated to counties under this section. Such

872 funds may not be pledged for the payment of any state aid road
873 bonds issued after April 1, 1981; however, this prohibition
874 against the pledging of any such funds for the payment of bonds
875 shall not apply to any bonds for which intent to issue such bonds
876 has been published, for the first time, as provided by law prior
877 to March 29, 1981. From the amount of taxes paid into the special
878 fund pursuant to this subsection and subsection (9) of this
879 section, there shall be first deducted and paid the amount
880 necessary to pay the expenses of the Office of State Aid Road
881 Construction, as authorized by the Legislature for all other
882 general and special fund agencies. The remainder of the fund
883 shall be allocated monthly to the several counties in accordance
884 with the following formula:

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

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

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

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

898 The amount of funds allocated to any county under this
899 subsection for any fiscal year after fiscal year 1994 shall not be
900 less than the amount allocated to such county for fiscal year
901 1994. Monies allocated to a county from the State Aid Road Fund
902 for fiscal year 1995 or any fiscal year thereafter that exceed the
903 amount of funds allocated to that county from the State Aid Road
904 Fund for fiscal year 1994, first must be expended by the county

905 for replacement or rehabilitation of bridges on the state aid road
906 system that have a sufficiency rating of less than twenty-five
907 (25), according to National Bridge Inspection standards before
908 such monies may be approved for expenditure by the State Aid Road
909 Engineer on other projects that qualify for the use of state aid
910 road funds.

911 Any reference in the general laws of this state or the
912 Mississippi Code of 1972 to Section 27-5-105 shall mean and be
913 construed to refer and apply to subsection (4) of Section
914 27-65-75.

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

921 (6) An amount each month beginning August 15, 1983, through
922 November 15, 1986, as specified in Section 6 of Chapter 542, Laws
923 of 1983, shall be paid into the special fund known as the
924 Correctional Facilities Construction Fund created in Section 6 of
925 Chapter 542, Laws of 1983.

926 (7) On or before August 15, 1992, and each succeeding month
927 thereafter, two and two hundred sixty-six one-thousandths percent
928 (2.266%) of the total sales tax revenue collected during the
929 preceding month under the provisions of this chapter, except that
930 collected under the provisions of Section 27-65-17(2), not to
931 exceed the fiscal year 1997 appropriated level shall be deposited
932 by the commission into the School Ad Valorem Tax Reduction Fund
933 created pursuant to Section 37-61-35, with the balance to be
934 transferred to the Education Enhancement Fund created under
935 Section 37-61-33 for appropriation by the Legislature as other
936 education needs and not subject to the percentage set asides set
937 forth in Section 37-61-33.

938 (8) On or before August 15, 1992, and each succeeding month
939 thereafter, nine and seventy-three one-thousandths percent
940 (9.073%) of the total sales tax revenue collected during the
941 preceding month under the provisions of this chapter, except that
942 collected under the provisions of Section 27-65-17(2) shall be
943 deposited into the Education Enhancement Fund created pursuant to
944 Section 37-61-33.

945 (9) On or before August 15, 1994, and each succeeding month
946 thereafter, from the revenue collected under this chapter during
947 the preceding month, Two Hundred Fifty Thousand Dollars
948 (\$250,000.00) shall be paid into the State Aid Road Fund.

949 (10) On or before August 15, 1994, and each succeeding month
950 thereafter through August 15, 1995, from the revenue collected
951 under this chapter during the preceding month, Two Million Dollars
952 (\$2,000,000.00) shall be deposited into the Motor Vehicle Ad
953 Valorem Tax Reduction Fund established in Section 27-51-105.

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

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

968 (13) On or before July 15, 1994, and on or before the
969 fifteenth day of each succeeding month thereafter, that portion of
970 the avails of the tax imposed in Section 27-65-22, which is

971 derived from activities held on the Mississippi state fairgrounds
972 complex, shall be paid into a special fund hereby created in the
973 State Treasury and shall be expended pursuant to legislative
974 appropriations solely to defray the costs of repairs and
975 renovation at such Trade Mart and Coliseum.

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

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

986 (16) It shall be the duty of the municipal officials of any
987 municipality which expands its limits, or of any community which
988 incorporates as a municipality, to notify the commissioner of such
989 action thirty (30) days before the effective date. Failure to so
990 notify the commissioner shall cause such municipality to forfeit
991 the revenue which it would have been entitled to receive during
992 this period of time when the commissioner had no knowledge of the
993 action. If any funds have been erroneously disbursed to any
994 municipality or any overpayment of tax is recovered by the
995 taxpayer, the commissioner may make correction and adjust the
996 error or overpayment with such municipality by withholding the
997 necessary funds from any subsequent payment to be made to the
998 municipality.

999 (17) Notwithstanding any other provision of this section to
1000 the contrary, on or before August 15, 1999, and each succeeding
1001 month thereafter, the sales tax revenue collected during the
1002 preceding month under the provisions of Section 27-65-19(e) with
1003 respect to interstate communications services, shall be deposited,

1004 without diversion, into the Telecommunications Ad Valorem Tax
1005 Reduction and Local Distribution Fund established in Section 5 of
1006 House Bill No. _____, 1999 Regular Session.

1007 SECTION 12. Section 27-35-319, Mississippi Code of 1972, is
1008 amended as follows:

1009 27-35-319. * * * Notwithstanding the provisions of Sections
1010 27-35-31, 27-35-309, 27-35-317 and 27-35-323, when all the
1011 property of a telephone company is located in not more than six
1012 (6) counties, it shall be assessed and taxed as that of a person;
1013 and the laws, providing for the assessment and collection of taxes
1014 on the property of persons, shall apply to the assessment and
1015 collection of taxes on the property of such companies. All shares
1016 or certificates of stock issued by any such corporation or company
1017 shall be exempt from taxation and shall not be returned for
1018 assessment. Its land and tangible personal property shall be
1019 assessed and taxed where situated on the first day of January of
1020 the year.

1021 * * *

1022 SECTION 13. Sections 21-33-201, 21-33-203, 21-33-205,
1023 21-33-207, 21-33-209 and 21-33-211, Mississippi Code of 1972,
1024 which constitute the City Utility Tax Law, are hereby repealed.

1025 SECTION 14. Sections 9 and 10 of this act shall be effective
1026 with respect to taxable services reflected on bills submitted by
1027 communications service providers to their customers which are
1028 dated on or after July 1, 1999, regardless of when such services
1029 are provided. Section 13 of this act shall take effect on January
1030 1, 2000. The remaining provisions of this act shall take effect
1031 and be in force from and after July 1, 1999.