

**\*\*\*Adopted\*\*\***

**SUBSTITUTE 1 FOR AMENDMENT No. 1 PROPOSED TO**

**House Bill NO. 1480**

**By Senator(s) Gordon**

**Amend by striking all after the enacting clause and inserting  
in lieu thereof the following:**

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

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

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

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

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

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66 persons, firms, partnerships, associations or corporations making  
67 loans only secured by real estate; nor to dealers and sellers or  
68 purchasers of conditional sales or retained title contracts on  
69 real or personal property; nor an occasional lender not regularly  
70 engaged in the business of lending money, but such lender shall be  
71 governed by the usury statutes of this state; nor in the case of  
72 any loan that is exempt from the federal Truth in Lending Act and  
73 Regulation Z.

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

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

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

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

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

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

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

98 75-67-241. This article shall not apply to any person, firm,

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

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

**Further, amend by striking the title in its entirety and  
inserting in lieu thereof the following:**

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

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