

By: Fleming

To: Ways and Means

HOUSE BILL NO. 4

1 AN ACT TO AMEND SECTIONS 27-65-17 AND 27-65-111, MISSISSIPPI  
 2 CODE OF 1972, TO PHASE OUT THE SALES TAX ON THE RETAIL SALES OF  
 3 UNPREPARED FOOD FOR HUMAN CONSUMPTION NOT PURCHASED WITH FOOD  
 4 STAMPS BUT WHICH WOULD BE EXEMPT FROM SALES TAX IF THE UNPREPARED  
 5 FOOD ITEMS WERE PURCHASED WITH FOOD STAMPS; TO AMEND SECTION  
 6 27-65-75, MISSISSIPPI CODE OF 1972, TO INCREASE FROM 18.5% TO 26%  
 7 THE DIVERSION OF STATE SALES TAX REVENUE ALLOCATED FOR  
 8 DISTRIBUTION TO ALL MUNICIPALITIES; AND FOR RELATED PURPOSES.

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

10 SECTION 1. Section 27-65-17, Mississippi Code of 1972, is  
 11 amended as follows:

12 27-65-17. (1) Upon every person engaging or continuing  
 13 within this state in the business of selling any tangible personal  
 14 property whatsoever there is hereby levied, assessed and shall be  
 15 collected a tax equal to seven percent (7%) of the gross proceeds  
 16 of the retail sales of the business, except as otherwise provided  
 17 herein.

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

20 Retail sales of farm implements sold to farmers and used  
 21 directly in the production of poultry, ratite, domesticated fish  
 22 as defined in Section 69-7-501, livestock, livestock products,  
 23 agricultural crops or ornamental plant crops or used for other  
 24 agricultural purposes shall be taxed at the rate of three percent

25 (3%) when used on the farm. The three percent (3%) rate shall  
26 also apply to all equipment used in logging, pulpwood operations  
27 or tree farming which is either (a) self-propelled or which is (b)  
28 mounted so that it is (i) permanently attached to other equipment  
29 which is self-propelled or (ii) permanently attached to other  
30 equipment drawn by a vehicle which is self-propelled.

31 Except as otherwise provided in subsection (3) of this  
32 section, retail sales of aircraft, automobiles, trucks,  
33 truck-tractors, semitrailers and mobile homes shall be taxed at  
34 the rate of three percent (3%).

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

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

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

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

55 Wholesale sales of food and drink for human consumption to

56 full service vending machine operators to be sold through vending  
57 machines located apart from and not connected with other taxable  
58 businesses shall be taxed at the rate of eight percent (8%).

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

62 Any person exercising any privilege taxable under Section  
63 27-65-15 and selling his natural resource products at wholesale or  
64 to exempt persons shall pay the tax levied by said section in lieu  
65 of the tax levied by this section.

66 (2) From and after January 1, 1995, retail sales of private  
67 carriers of passengers and light carriers of property, as defined  
68 in Section 27-51-101, shall be taxed an additional two percent  
69 (2%).

70 (3) In lieu of the tax levied in subsection (1) of this  
71 section, there is levied on retail sales of truck-tractors and  
72 semitrailers used in interstate commerce and registered under the  
73 International Registration Plan (IRP) or any similar reciprocity  
74 agreement or compact relating to the proportional registration of  
75 commercial vehicles entered into as provided for in Section  
76 27-19-143, a tax at the rate of three percent (3%) of the portion  
77 of the sale that is attributable to the usage of such  
78 truck-tractor or semitrailer in Mississippi. The portion of the  
79 retail sale that is attributable to the usage of such  
80 truck-tractor or semitrailer in Mississippi is the retail sales  
81 price of the truck-tractor or semitrailer multiplied by the  
82 percentage of the total miles traveled by the vehicle that are  
83 traveled in Mississippi. The tax levied pursuant to this

84 subsection (3) shall be collected by the State Tax Commission from  
85 the purchaser of such truck-tractor or semitrailer at the time of  
86 registration of such truck-tractor or semitrailer.

87 (4) From and after July 1, 2001, retail sales of food for  
88 human consumption not purchased with food stamps issued by the  
89 United States Department of Agriculture, or other federal agency,  
90 but which would be exempt under Section 27-65-111(o) from the  
91 taxes imposed by this chapter if the food items were purchased  
92 with food stamps shall be taxed as follows:

93 (a) From and after July 1, 2001, through June 30, 2002,  
94 such sales shall be taxed at the rate of four percent (4%);

95 (b) From and after July 1, 2002, through June 30, 2003,  
96 such sales shall be taxed at the rate of two percent (2%);

97 (c) From and after July 1, 2003, such sales shall be  
98 exempt from sales tax as provided in Section 27-65-111.

99 SECTION 2. Section 27-65-111, Mississippi Code of 1972, is  
100 amended as follows:

101 27-65-111. The exemptions from the provisions of this  
102 chapter which are not industrial, agricultural or governmental, or  
103 which do not relate to utilities or taxes, or which are not  
104 properly classified as one of the exemption classifications of  
105 this chapter, shall be confined to persons or property exempted by  
106 this section or by the Constitution of the United States or the  
107 State of Mississippi. No exemptions as now provided by any other  
108 section, except the classified exemption sections of this chapter  
109 set forth herein, shall be valid as against the tax herein levied.  
110 Any subsequent exemption from the tax levied hereunder, except as  
111 indicated above, shall be provided by amendments to this section.

112 No exemption provided in this section shall apply to taxes  
113 levied by Section 27-65-15 or 27-65-21.

114 The tax levied by this chapter shall not apply to the  
115 following:

116 (a) Sales of tangible personal property and services to  
117 hospitals or infirmaries owned and operated by a corporation or  
118 association in which no part of the net earnings inures to the  
119 benefit of any private shareholder, group or individual, and which  
120 are subject to and governed by Sections 41-7-123 through 41-7-127.

121 Only sales of tangible personal property or services which  
122 are ordinary and necessary to the operation of such hospitals and  
123 infirmaries are exempted from tax.

124 (b) Sales of daily or weekly newspapers, and  
125 periodicals or publications of scientific, literary or educational  
126 organizations exempt from federal income taxation under Section  
127 501(c)(3) of the Internal Revenue Code of 1954, as it exists as of  
128 March 31, 1975, and subscription sales of all magazines.

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

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

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

137 (f) Sales of tangible personal property, labor or  
138 services taxable under Sections 27-65-17, 27-65-19, and 27-65-23,  
139 to a YMCA, YWCA, a Boys' or Girls' Club owned and operated by a

140 corporation or association in which no part of the net earnings  
141 inures to the benefit of any private shareholder, group or  
142 individual.

143 (g) Sales to elementary and secondary grade schools,  
144 junior and senior colleges owned and operated by a corporation or  
145 association in which no part of the net earnings inures to the  
146 benefit of any private shareholder, group or individual, and which  
147 are exempt from state income taxation, provided that this  
148 exemption does not apply to sales of property or services which  
149 are not to be used in the ordinary operation of the school, or  
150 which are to be resold to the students or the public.

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

153 (i) Prescribed for the treatment of a human being  
154 by a person authorized to prescribe the medicines, and dispensed  
155 or prescription filled by a registered pharmacist in accordance  
156 with law; or

157 (ii) Furnished by a licensed physician, surgeon,  
158 dentist or podiatrist to his own patient for treatment of the  
159 patient; or

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

163 (iv) Sold to a licensed physician, surgeon,  
164 podiatrist, dentist or hospital for the treatment of a human  
165 being; or

166 (v) Sold to this state or any political  
167 subdivision or municipal corporation thereof, for use in the

168 treatment of a human being or furnished for the treatment of a  
169 human being by a medical facility or clinic maintained by this  
170 state or any political subdivision or municipal corporation  
171 thereof.

172 "Medicines," as used in this paragraph, shall mean and  
173 include any substance or preparation intended for use by external  
174 or internal application to the human body in the diagnosis, cure,  
175 mitigation, treatment or prevention of disease and which is  
176 commonly recognized as a substance or preparation intended for  
177 such use; provided that "medicines" do not include any auditory,  
178 prosthetic, ophthalmic or ocular device or appliance, any dentures  
179 or parts thereof or any artificial limbs or their replacement  
180 parts, articles which are in the nature of splints, bandages,  
181 pads, compresses, supports, dressings, instruments, apparatus,  
182 contrivances, appliances, devices or other mechanical, electronic,  
183 optical or physical equipment or article or the component parts  
184 and accessories thereof, or any alcoholic beverage or any other  
185 drug or medicine not commonly referred to as a prescription drug.

186 Notwithstanding the preceding sentence of this subsection,  
187 "medicines" as used in this subsection, shall mean and include  
188 sutures, whether or not permanently implanted, bone screws, bone  
189 pins, pacemakers and other articles permanently implanted in the  
190 human body to assist the functioning of any natural organ, artery,  
191 vein or limb and which remain or dissolve in the body.

192 "Hospital," as used in this paragraph, shall have the meaning  
193 ascribed to it in Section 41-9-3.

194 Insulin furnished by a registered pharmacist to a person for  
195 treatment of diabetes as directed by a physician shall be deemed

196 to be dispensed on prescription within the meaning of this  
197 subsection.

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

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

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

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

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

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

215 (o) Retail sales of food for human consumption  
216 purchased with food stamps issued by the United States Department  
217 of Agriculture, or other federal agency, from and after October 1,  
218 1987, or from and after the expiration of any waiver granted  
219 pursuant to federal law, the effect of which waiver is to permit  
220 the collection by the state of tax on such retail sales of food  
221 for human consumption purchased with food stamps.

222 (p) Sales of cookies for human consumption by the Girl  
223 Scouts of America no part of the net earnings from which sales



224 inures to the benefit of any private group or individual.

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

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

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

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

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

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

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

244 (x) The gross collections from the operation of  
245 self-service, coin-operated car washing equipment and sales of the  
246 service of washing motor vehicles with portable high pressure  
247 washing equipment on the premises of the customer.

248 (y) From and after July 1, 2003, retail sales of food  
249 for human consumption not purchased with food stamps issued by the  
250 United States Department of Agriculture, or other federal agency,  
251 but which would be exempt under paragraph (o) of this section from

252 the taxes imposed by this chapter if the food items were purchased  
253 with food stamps.

254 SECTION 3. Section 27-65-75, Mississippi Code of 1972, is  
255 amended as follows:

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

257 27-65-75. On or before the fifteenth day of each month, the  
258 revenue collected under the provisions of this chapter during the  
259 preceding month shall be paid and distributed as follows:

260 (1) On or before August 15, 1992, and each succeeding month  
261 thereafter through July 15, 1993, eighteen percent (18%) of the  
262 total sales tax revenue collected during the preceding month under  
263 the provisions of this chapter, except that collected under the  
264 provisions of Sections 27-65-15, 27-65-19(3) and 27-65-21, on  
265 business activities within a municipal corporation shall be  
266 allocated for distribution to such municipality and paid to such  
267 municipal corporation. On or before August 15, 1993, and each  
268 succeeding month thereafter, eighteen and one-half percent  
269 (18-1/2%) of the total sales tax revenue collected during the  
270 preceding month under the provisions of this chapter, except that  
271 collected under the provisions of Sections 27-65-15, 27-65-19(3)  
272 and 27-65-21, on business activities within a municipal  
273 corporation shall be allocated for distribution to such  
274 municipality and paid to such municipal corporation.

275 A municipal corporation, for the purpose of distributing the  
276 tax under this subsection, shall mean and include all incorporated  
277 cities, towns and villages.

278 Monies allocated for distribution and credited to a municipal  
279 corporation under this subsection may be pledged as security for

280 any loan received by the municipal corporation for the purpose of  
281 capital improvements as authorized under Section 57-1-303, or  
282 loans as authorized under Section 57-44-7, or water systems  
283 improvements as authorized under Section 41-3-16.

284 In any county having a county seat which is not an  
285 incorporated municipality, the distribution provided hereunder  
286 shall be made as though the county seat was an incorporated  
287 municipality; however, the distribution to such municipality shall  
288 be paid to the county treasury wherein the municipality is located  
289 and such funds shall be used for road, bridge and street  
290 construction or maintenance therein.

291 (2) On or before September 15, 1987, and each succeeding  
292 month thereafter, from the revenue collected under this chapter  
293 during the preceding month One Million One Hundred Twenty-five  
294 Thousand Dollars (\$1,125,000.00) shall be allocated for  
295 distribution to municipal corporations as defined under subsection  
296 (1) of this section in the proportion that the number of gallons  
297 of gasoline and diesel fuel sold by distributors to consumers and  
298 retailers in each such municipality during the preceding fiscal  
299 year bears to the total gallons of gasoline and diesel fuel sold  
300 by distributors to consumers and retailers in municipalities  
301 statewide during the preceding fiscal year. The State Tax  
302 Commission shall require all distributors of gasoline and diesel  
303 fuel to report to the commission monthly the total number of  
304 gallons of gasoline and diesel fuel sold by them to consumers and  
305 retailers in each municipality during the preceding month. The  
306 State Tax Commission shall have the authority to promulgate such  
307 rules and regulations as is necessary to determine the number of

308 gallons of gasoline and diesel fuel sold by distributors to  
309 consumers and retailers in each municipality. In determining the  
310 percentage allocation of funds under this subsection for the  
311 fiscal year beginning July 1, 1987, and ending June 30, 1988, the  
312 State Tax Commission may consider gallons of gasoline and diesel  
313 fuel sold for a period of less than one (1) fiscal year. For the  
314 purposes of this subsection, the term "fiscal year" means the  
315 fiscal year beginning July 1 of a year.

316 (3) On or before September 15, 1987, and on or before the  
317 fifteenth day of each succeeding month, until the date specified  
318 in Section 65-39-35, the proceeds derived from contractors' taxes  
319 levied under Section 27-65-21 on contracts for the construction or  
320 reconstruction of highways designated under the Four-Lane Highway  
321 Program created under Section 65-3-97 shall, except as otherwise  
322 provided in Section 31-17-127, be deposited into the State  
323 Treasury to the credit of the State Highway Fund to be used to  
324 fund such Four-Lane Highway Program. The Mississippi Department  
325 of Transportation shall provide to the State Tax Commission such  
326 information as is necessary to determine the amount of proceeds to  
327 be distributed under this subsection.

328 (4) On or before August 15, 1994, and on or before the  
329 fifteenth day of each succeeding month through July 15, 1999, from  
330 the proceeds of gasoline, diesel fuel or kerosene taxes as  
331 provided in Section 27-5-101(a)(ii)1, Four Million Dollars  
332 (\$4,000,000.00) shall be deposited in the State Treasury to the  
333 credit of a special fund designated as the "State Aid Road Fund,"  
334 created by Section 65-9-17. On or before August 15, 1999, and on  
335 or before the fifteenth day of each succeeding month, from the

336 total amount of the proceeds of gasoline, diesel fuel or kerosene  
337 taxes apportioned by Section 27-5-101(a)(ii), Four Million Dollars  
338 (\$4,000,000.00) or an amount equal to twenty-three and one-fourth  
339 percent (23.25%) of such funds, whichever is the greater amount,  
340 shall be deposited in the State Treasury to the credit of the  
341 "State Aid Road Fund," created by Section 65-9-17. Such funds  
342 shall be pledged to pay the principal of and interest on state aid  
343 road bonds heretofore issued under Sections 19-9-51 through  
344 19-9-77, in lieu of and in substitution for the funds heretofore  
345 allocated to counties under this section. Such funds may not be  
346 pledged for the payment of any state aid road bonds issued after  
347 April 1, 1981; however, this prohibition against the pledging of  
348 any such funds for the payment of bonds shall not apply to any  
349 bonds for which intent to issue such bonds has been published, for  
350 the first time, as provided by law prior to March 29, 1981. From  
351 the amount of taxes paid into the special fund pursuant to this  
352 subsection and subsection (9) of this section, there shall be  
353 first deducted and paid the amount necessary to pay the expenses  
354 of the Office of State Aid Road Construction, as authorized by the  
355 Legislature for all other general and special fund agencies. The  
356 remainder of the fund shall be allocated monthly to the several  
357 counties in accordance with the following formula:

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

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

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

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

371           The amount of funds allocated to any county under this  
372 subsection for any fiscal year after fiscal year 1994 shall not be  
373 less than the amount allocated to such county for fiscal year  
374 1994. Monies allocated to a county from the State Aid Road Fund  
375 for fiscal year 1995 or any fiscal year thereafter that exceed the  
376 amount of funds year 1994, first must be expended by the county  
377 for replacement or rehabilitation of bridges on the state aid road  
378 system that have a sufficiency rating of less than twenty-five  
379 (25), according to National Bridge Inspection standards before  
380 such monies may be approved for expenditure by the State Aid Road  
381 Engineer on other projects that qualify for the use of state aid  
382 road funds.

383           Any reference in the general laws of this state or the  
384 Mississippi Code of 1972 to Section 27-5-105 shall mean and be  
385 construed to refer and apply to subsection (4) of Section  
386 27-65-75.

387           (5) One Million Six Hundred Sixty-six Thousand Six Hundred  
388 Sixty-six Dollars (\$1,666,666.00) each month shall be paid into  
389 the special fund known as the "State Public School Building Fund"  
390 created and existing under the provisions of Sections 37-47-1  
391 through 37-47-67. Such payments into said fund are to be made on

392 the last day of each succeeding month hereafter.

393 (6) An amount each month beginning August 15, 1983, through  
394 November 15, 1986, as specified in Section 6 of Chapter 542, Laws  
395 of 1983, shall be paid into the special fund known as the  
396 Correctional Facilities Construction Fund created in Section 6 of  
397 Chapter 542, Laws of 1983.

398 (7) On or before August 15, 1992, and each succeeding month  
399 thereafter, two and two hundred sixty-six one-thousandths percent  
400 (2.266%) of the total sales tax revenue collected during the  
401 preceding month under the provisions of this chapter, except that  
402 collected under the provisions of Section 27-65-17(2) shall be  
403 deposited by the commission into the School Ad Valorem Tax  
404 Reduction Fund created pursuant to Section 37-61-35.

405 (8) On or before August 15, 1992, and each succeeding month  
406 thereafter, nine and seventy-three one-thousandths percent  
407 (9.073%) of the total sales tax revenue collected during the  
408 preceding month under the provisions of this chapter, except that  
409 collected under the provisions of Section 27-65-17(2) shall be  
410 deposited into the Education Enhancement Fund created pursuant to  
411 Section 37-61-33.

412 (9) On or before August 15, 1994, and each succeeding month  
413 thereafter, from the revenue collected under this chapter during  
414 the preceding month, Two Hundred Fifty Thousand Dollars  
415 (\$250,000.00) shall be paid into the State Aid Road Fund.

416 (10) On or before August 15, 1994, and each succeeding month  
417 thereafter through August 15, 1995, from the revenue collected  
418 under this chapter during the preceding month, Two Million Dollars  
419 (\$2,000,000.00) shall be deposited into the Motor Vehicle Ad

420 Valorem Tax Reduction Fund established in Section 27-51-105.

421 (11) Notwithstanding any other provision of this section to  
422 the contrary, on or before February 15, 1995, and each succeeding  
423 month thereafter, the sales tax revenue collected during the  
424 preceding month under the provisions of Section 27-65-17(2) and  
425 the corresponding levy in Section 27-65-23 on the rental or lease  
426 of private carriers of passengers and light carriers of property  
427 as defined in Section 27-51-101 shall be deposited, without  
428 diversion, into the Motor Vehicle Ad Valorem Tax Reduction Fund  
429 established in Section 27-51-105.

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

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

447 (14) On or before August 15, 1998, and each succeeding month



448 thereafter through July 15, 2005, that portion of the avails of  
449 the tax imposed in Section 27-65-23 which is derived from sales by  
450 cotton compresses or cotton warehouses and which would otherwise  
451 be paid into the General Fund, shall be deposited in an amount not  
452 to exceed Two Million Dollars (\$2,000,000.00) into the special  
453 fund created pursuant to Section 69-37-39.

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

457 (16) It shall be the duty of the municipal officials of any  
458 municipality which expands its limits, or of any community which  
459 incorporates as a municipality, to notify the commissioner of such  
460 action thirty (30) days before the effective date. Failure to so  
461 notify the commissioner shall cause such municipality to forfeit  
462 the revenue which it would have been entitled to receive during  
463 this period of time when the commissioner had no knowledge of the  
464 action. If any funds have been erroneously disbursed to any  
465 municipality or any overpayment of tax is recovered by the  
466 taxpayer, the commissioner may make correction and adjust the  
467 error or overpayment with such municipality by withholding the  
468 necessary funds from any subsequent payment to be made to the  
469 municipality.

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

471 27-65-75. On or before the fifteenth day of each month, the  
472 revenue collected under the provisions of this chapter during the  
473 preceding month shall be paid and distributed as follows:

474 (1) On or before August 15, 1992, and each succeeding month  
475 thereafter through July 15, 1993, eighteen percent (18%) of the

476 total sales tax revenue collected during the preceding month under  
477 the provisions of this chapter, except that collected under the  
478 provisions of Sections 27-65-15, 27-65-19(3) and 27-65-21, on  
479 business activities within a municipal corporation shall be  
480 allocated for distribution to such municipality and paid to such  
481 municipal corporation. On or before August 15, 1993, and each  
482 succeeding month thereafter, through July 15, 2002, eighteen and  
483 one-half percent (18-1/2%) of the total sales tax revenue  
484 collected during the preceding month under the provisions of this  
485 chapter, except that collected under the provisions of Sections  
486 27-65-15, 27-65-19(3) and 27-65-21, on business activities within  
487 a municipal corporation shall be allocated for distribution to  
488 such municipality and paid to such municipal corporation. On or  
489 before August 15, 2002, and each succeeding month thereafter,  
490 twenty-six percent (26%) of the total sales tax revenue collected  
491 during the preceding month under the provisions of this chapter,  
492 except that collected under the provisions of Sections 27-65-15,  
493 27-65-17(2), 27-65-19(3), and 27-65-21, on business activities  
494 within a municipal corporation shall be allocated for distribution  
495 to such municipality and paid to such municipal corporation.

496 A municipal corporation, for the purpose of distributing the  
497 tax under this subsection, shall mean and include all incorporated  
498 cities, towns and villages.

499 Monies allocated for distribution and credited to a municipal  
500 corporation under this subsection may be pledged as security for  
501 any loan received by the municipal corporation for the purpose of  
502 capital improvements as authorized under Section 57-1-303, or  
503 loans as authorized under Section 57-44-7, or water systems

504 improvements as authorized under Section 41-3-16.

505         In any county having a county seat which is not an  
506 incorporated municipality, the distribution provided hereunder  
507 shall be made as though the county seat was an incorporated  
508 municipality; however, the distribution to such municipality shall  
509 be paid to the county treasury wherein the municipality is located  
510 and such funds shall be used for road, bridge and street  
511 construction or maintenance therein.

512         (2) On or before September 15, 1987, and each succeeding  
513 month thereafter, from the revenue collected under this chapter  
514 during the preceding month One Million One Hundred Twenty-five  
515 Thousand Dollars (\$1,125,000.00) shall be allocated for  
516 distribution to municipal corporations as defined under subsection  
517 (1) of this section in the proportion that the number of gallons  
518 of gasoline and diesel fuel sold by distributors to consumers and  
519 retailers in each such municipality during the preceding fiscal  
520 year bears to the total gallons of gasoline and diesel fuel sold  
521 by distributors to consumers and retailers in municipalities  
522 statewide during the preceding fiscal year. The State Tax  
523 Commission shall require all distributors of gasoline and diesel  
524 fuel to report to the commission monthly the total number of  
525 gallons of gasoline and diesel fuel sold by them to consumers and  
526 retailers in each municipality during the preceding month. The  
527 State Tax Commission shall have the authority to promulgate such  
528 rules and regulations as is necessary to determine the number of  
529 gallons of gasoline and diesel fuel sold by distributors to  
530 consumers and retailers in each municipality. In determining the  
531 percentage allocation of funds under this subsection for the

532 fiscal year beginning July 1, 1987, and ending June 30, 1988, the  
533 State Tax Commission may consider gallons of gasoline and diesel  
534 fuel sold for a period of less than one (1) fiscal year. For the  
535 purposes of this subsection, the term "fiscal year" means the  
536 fiscal year beginning July 1 of a year.

537 (3) On or before September 15, 1987, and on or before the  
538 fifteenth day of each succeeding month, until the date specified  
539 in Section 65-39-35, the proceeds derived from contractors' taxes  
540 levied under Section 27-65-21 on contracts for the construction or  
541 reconstruction of highways designated under the Four-Lane Highway  
542 Program created under Section 65-3-97 shall, except as otherwise  
543 provided in Section 31-17-127, be deposited into the State  
544 Treasury to the credit of the State Highway Fund to be used to  
545 fund such Four-Lane Highway Program. The Mississippi Department  
546 of Transportation shall provide to the State Tax Commission such  
547 information as is necessary to determine the amount of proceeds to  
548 be distributed under this subsection.

549 (4) On or before August 15, 1994, and on or before the  
550 fifteenth day of each succeeding month through July 15, 1999, from  
551 the proceeds of gasoline, diesel fuel or kerosene taxes as  
552 provided in Section 27-5-101(a)(ii)1, Four Million Dollars  
553 (\$4,000,000.00) shall be deposited in the State Treasury to the  
554 credit of a special fund designated as the "State Aid Road Fund,"  
555 created by Section 65-9-17. On or before August 15, 1999, and on  
556 or before the fifteenth day of each succeeding month, from the  
557 total amount of the proceeds of gasoline, diesel fuel or kerosene  
558 taxes apportioned by Section 27-5-101(a)(ii), Four Million Dollars  
559 (\$4,000,000.00) or an amount equal to twenty-three and one-fourth

560 percent (23.25%) of such funds, whichever is the greater amount,  
561 shall be deposited in the State Treasury to the credit of the  
562 "State Aid Road Fund," created by Section 65-9-17. Such funds  
563 shall be pledged to pay the principal of and interest on state aid  
564 road bonds heretofore issued under Sections 19-9-51 through  
565 19-9-77, in lieu of and in substitution for the funds heretofore  
566 allocated to counties under this section. Such funds may not be  
567 pledged for the payment of any state aid road bonds issued after  
568 April 1, 1981; however, this prohibition against the pledging of  
569 any such funds for the payment of bonds shall not apply to any  
570 bonds for which intent to issue such bonds has been published, for  
571 the first time, as provided by law prior to March 29, 1981. From  
572 the amount of taxes paid into the special fund pursuant to this  
573 subsection and subsection (9) of this section, there shall be  
574 first deducted and paid the amount necessary to pay the expenses  
575 of the Office of State Aid Road Construction, as authorized by the  
576 Legislature for all other general and special fund agencies. The  
577 remainder of the fund shall be allocated monthly to the several  
578 counties in accordance with the following formula:

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

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

585           (c) One-third (1/3) shall be allocated to counties  
586 based on the proportion that the rural population of the county  
587 bears to the total rural population in all counties of the state,

588 according to the latest federal decennial census.

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

592 The amount of funds allocated to any county under this  
593 subsection for any fiscal year after fiscal year 1994 shall not be  
594 less than the amount allocated to such county for fiscal year  
595 1994. Monies allocated to a county from the State Aid Road Fund  
596 for fiscal year 1995 or any fiscal year thereafter that exceed the  
597 amount of funds allocated to that county from the State Aid Road  
598 Fund for fiscal year 1994, first must be expended by the county  
599 for replacement or rehabilitation of bridges on the state aid road  
600 system that have a sufficiency rating of less than twenty-five  
601 (25), according to National Bridge Inspection standards before  
602 such monies may be approved for expenditure by the State Aid Road  
603 Engineer on other projects that qualify for the use of state aid  
604 road funds.

605 Any reference in the general laws of this state or the  
606 Mississippi Code of 1972 to Section 27-5-105 shall mean and be  
607 construed to refer and apply to subsection (4) of Section  
608 27-65-75.

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

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

616 November 15, 1986, as specified in Section 6 of Chapter 542, Laws  
617 of 1983, shall be paid into the special fund known as the  
618 Correctional Facilities Construction Fund created in Section 6 of  
619 Chapter 542, Laws of 1983.

620 (7) On or before August 15, 1992, and each succeeding month  
621 thereafter, two and two hundred sixty-six one-thousandths percent  
622 (2.266%) of the total sales tax revenue collected during the  
623 preceding month under the provisions of this chapter, except that  
624 collected under the provisions of Section 27-65-17(2), not to  
625 exceed the fiscal year 1997 appropriated level shall be deposited  
626 by the commission into the School Ad Valorem Tax Reduction Fund  
627 created pursuant to Section 37-61-35, with the balance to be  
628 transferred to the Education Enhancement Fund created under  
629 Section 37-61-33 for appropriation by the Legislature as other  
630 education needs and not subject to the percentage set asides set  
631 forth in Section 37-61-33.

632 (8) On or before August 15, 1992, and each succeeding month  
633 thereafter, nine and seventy-three one-thousandths percent  
634 (9.073%) of the total sales tax revenue collected during the  
635 preceding month under the provisions of this chapter, except that  
636 collected under the provisions of Section 27-65-17(2) shall be  
637 deposited into the Education Enhancement Fund created pursuant to  
638 Section 37-61-33.

639 (9) On or before August 15, 1994, and each succeeding month  
640 thereafter, from the revenue collected under this chapter during  
641 the preceding month, Two Hundred Fifty Thousand Dollars  
642 (\$250,000.00) shall be paid into the State Aid Road Fund.

643 (10) On or before August 15, 1994, and each succeeding month

644 thereafter through August 15, 1995, from the revenue collected  
645 under this chapter during the preceding month, Two Million Dollars  
646 (\$2,000,000.00) shall be deposited into the Motor Vehicle Ad  
647 Valorem Tax Reduction Fund established in Section 27-51-105.

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

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

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

670 (14) On or before August 15, 1998, and each succeeding month  
671 thereafter through July 15, 2005, that portion of the avails of



672 the tax imposed in Section 27-65-23 which is derived from sales by  
673 cotton compresses or cotton warehouses and which would otherwise  
674 be paid into the General Fund, shall be deposited in an amount not  
675 to exceed Two Million Dollars (\$2,000,000.00) into the special  
676 fund created pursuant to Section 69-37-39.

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

680 (16) It shall be the duty of the municipal officials of any  
681 municipality which expands its limits, or of any community which  
682 incorporates as a municipality, to notify the commissioner of such  
683 action thirty (30) days before the effective date. Failure to so  
684 notify the commissioner shall cause such municipality to forfeit  
685 the revenue which it would have been entitled to receive during  
686 this period of time when the commissioner had no knowledge of the  
687 action. If any funds have been erroneously disbursed to any  
688 municipality or any overpayment of tax is recovered by the  
689 taxpayer, the commissioner may make correction and adjust the  
690 error or overpayment with such municipality by withholding the  
691 necessary funds from any subsequent payment to be made to the  
692 municipality.

693 SECTION 4. Nothing in this act shall affect or defeat any  
694 claim, assessment, appeal, suit, right or cause of action for  
695 taxes due or accrued under the sales tax laws before the date on  
696 which this act becomes effective, whether such claims,  
697 assessments, appeals, suits or actions have been begun before the  
698 date on which this act becomes effective or are begun thereafter;  
699 and the provisions of the sales tax laws are expressly continued

700 in full force, effect and operation for the purpose of the  
701 assessment, collection and enrollment of liens for any taxes due  
702 or accrued and the execution of any warrant under such laws before  
703 the date on which this act becomes effective, and for the  
704 imposition of any penalties, forfeitures or claims for failure to  
705 comply with such laws.

706 SECTION 5. This act shall take effect and be in force from  
707 and after July 1, 2000.