

By: Minor

To: Finance

SENATE BILL NO. 2512

1 AN ACT TO CREATE THE MISSISSIPPI TELECOMMUNICATIONS TAX
2 REFORM ACT; TO PROVIDE THAT CERTAIN PERSONS PROVIDING
3 TELECOMMUNICATIONS SERVICES SHALL BE ENTITLED TO A REFUND 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 ON CLASS IV
6 PROPERTY TO LOCAL TAXING DISTRICTS IN THIS STATE; TO PROVIDE THAT
7 TO THE EXTENT POSSIBLE SUCH REFUNDS SHALL BE PAID BY THE STATE TAX
8 COMMISSION FROM THE TELECOMMUNICATIONS AD VALOREM TAX REDUCTION
9 FUND CREATED BY THIS ACT; TO CREATE THE TELECOMMUNICATIONS AD
10 VALOREM TAX REDUCTION FUND; TO PROVIDE THAT THE MONEY IN SUCH FUND
11 SHALL BE UTILIZED TO PAY THE REFUND AUTHORIZED BY THIS ACT; TO
12 PROVIDE THAT SUCH FUND SHALL BE ADMINISTERED BY THE STATE TAX
13 COMMISSION; TO PROHIBIT POLITICAL SUBDIVISIONS FROM LEVYING ANY
14 TAX, CHARGE OR FEE ON TELECOMMUNICATIONS SERVICES OR
15 TELECOMMUNICATIONS SERVICE PROVIDERS AFTER THE EFFECTIVE DATE OF
16 THIS ACT UNLESS ANY SUCH TAX, CHARGE OR FEE IS OTHERWISE PROVIDED
17 BY LAW; TO REQUIRE A RATE REDUCTION BY CERTAIN TELECOMMUNICATIONS
18 SERVICE PROVIDERS THAT EXPERIENCE A TAX SAVING AS A RESULT OF THE
19 PROVISIONS OF THIS ACT; TO AMEND SECTION 27-65-19, MISSISSIPPI
20 CODE OF 1972, TO PROVIDE FOR THE LEVY OR A SALES TAX UPON THE
21 PROVISION OF INTERSTATE TELECOMMUNICATIONS SERVICES AT THE RATE OF
22 5.25%; TO AMEND SECTION 27-65-75, MISSISSIPPI CODE OF 1972, TO
23 PROVIDE THAT THE PROCEEDS OF THE SALES TAX ON INTERSTATE
24 TELECOMMUNICATIONS SERVICES SHALL BE DEPOSITED WITHOUT DIVERSION
25 INTO THE TELECOMMUNICATIONS AD VALOREM TAX REDUCTION FUND; TO
26 AMEND SECTION 27-35-319, MISSISSIPPI CODE OF 1972, TO REMOVE
27 PROVISIONS THAT CLASSIFY THE PROPERTY OF TELEPHONE COMPANIES
28 LOCATED IN MORE THAN SIX COUNTIES AS CLASS IV OR CLASS II
29 PROPERTY; AND FOR RELATED PURPOSES.

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

31 SECTION 1. This act may be cited as the "Mississippi
32 Telecommunications Tax Reform Act."

33 SECTION 2. (1) The Legislature finds that one (1) measure
34 of the state's economic competitiveness is the presence of an
35 efficient and affordable telecommunications infrastructure using
36 the latest technological advancements.

37 (2) The Legislature further finds that the
38 telecommunications industry is undergoing a dramatic change that
39 is altering the identity of its participants, the nature of

40 services that the industry provides, and the methods used to
41 deliver those services.

42 (3) The Legislature finds that the telecommunications
43 industry is becoming increasingly competitive and that full and
44 fair competition within the telecommunications industry is
45 beneficial to all Mississippians.

46 (4) The Legislature further finds that existing Mississippi
47 ad valorem property tax laws place certain telephone companies at
48 a competitive disadvantage because their property is classified
49 for ad valorem tax purposes as "public utility property" and is
50 assessed at the rate of thirty percent (30%) of such property's
51 true value while many of their competitors' property is not
52 classified as "public utility property" and is therefore assessed
53 at the rate of fifteen percent (15%) of such property's true
54 value.

55 (5) The Legislature finds that the competitive inequities
56 engendered by such existing Mississippi property tax laws hinder
57 the investment in the state's telecommunications infrastructure.

58 (6) The Legislature finds that the best method to mitigate
59 the effects of such competitive disadvantage is to partial
60 exemption for that particular species of property owned by
61 telephone companies that is assessed at the higher rate. This
62 partial exemption is most effectively implemented as an ad valorem
63 tax refund from the State of Mississippi in an amount equal to the
64 portion of the ad valorem taxes paid by such telephone companies
65 that is attributable to the higher assessment rate.

66 (7) The Legislature further finds, however, that it is in
67 the best interests of the State of Mississippi and its political
68 subdivisions that the tax revenues available to the state should
69 not be diminished by the tax refunds granted to such telephone
70 companies; and that an expansion of the sales tax base to include
71 interstate telecommunications services is expected to provide tax
72 revenues to the state that are approximately equal to the amount
73 of the tax refunds granted to such telephone companies.

74 (8) Furthermore, the Legislature finds that it is in the
75 best interests of Mississippi consumers of telecommunications
76 services that any tax savings experienced by such telephone

77 companies be passed on to consumers in the form of reductions in
78 the prices charged for the services provided by such telephone
79 companies.

80 (9) Accordingly, the Legislature finds that there is a
81 compelling public need to effect these changes in the tax system
82 of the state in order to:

83 (a) Avoid placing certain telecommunications services
84 providers at a competitive disadvantage;

85 (b) Provide purchasers of telecommunications services
86 with greater choices and lower prices; and

87 (c) Preserve the revenue base of the existing property
88 tax system for political subdivisions of the state.

89 SECTION 3. (1) (a) Except as otherwise provided in
90 paragraph (b) of this subsection (1), with respect to ad valorem
91 taxes becoming due after January 1, 2001, every person providing
92 telecommunications services subject to sales tax under paragraphs
93 (e) and (f) of Section 27-65-19(1), Mississippi Code of 1972, and
94 which operates in more than six (6) counties, shall be entitled to
95 a refund from the State of Mississippi in an amount equal to fifty
96 percent (50%) of the aggregate amount of the ad valorem tax paid
97 by such person on Class IV property, as defined in Section 112,
98 Mississippi Constitution of 1890, to local taxing districts.

99 (b) With respect to ad valorem taxes becoming due after
100 January 1, 2001, and prior to December 31, 2001, by any local
101 exchange telephone company operating in more than six (6)
102 counties, such local exchange telephone company shall be entitled
103 to a refund from the State of Mississippi in an amount equal to
104 twenty-five percent (25%) of the aggregate amount of the ad
105 valorem tax paid by such company on Class IV property, as defined
106 in Section 112, Mississippi Constitution of 1890, to local taxing
107 districts, thereafter any such company shall be entitled to
108 payments in the amount provided for in paragraph (a) of this
109 subsection (1). For purposes of this paragraph the term, "local

110 exchange telephone company" means a person providing
111 telecommunications services subject to sales tax under Section
112 27-65-19(1) that derives more than half of its revenues received
113 from Mississippi customers from the provision of local telephone
114 services.

115 (2) On or before March 15, 2001, and on or before March 15
116 of each year thereafter, the State Tax Commission shall pay all
117 refunds to which telecommunications service providers are entitled
118 under the provisions of subsection (1) of this section for ad
119 valorem taxes that became due on or before the first day of
120 February immediately preceding March 15.

121 (3) To the extent possible, payments made pursuant to
122 subsection (1) of this section shall be paid by the State Tax
123 Commission out of the Telecommunications Ad Valorem Tax Reduction
124 Fund created pursuant to Section 4 of this act.

125 SECTION 4. (1) There is created in the State Treasury a
126 special fund to be known as the Telecommunications Ad Valorem Tax
127 Reduction Fund, into which shall be deposited the money specified
128 in Section 21-65-75(17) and such other money as the Legislature
129 may provide by appropriation. The money in the fund shall be used
130 to make the payments provided for in Section 3 of this act.

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

140 SECTION 5. (1) Upon the effective date of this act, no
141 political subdivision of this state may levy any tax, charge or
142 fee on telecommunications services, or collect any such taxes,

143 charges or fees on telecommunications services not otherwise
144 provided by law.

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

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

157 (a) Require telecommunications service providers to
158 file construction permit applications;

159 (b) Issue and process right-of-way construction permit
160 applications filed by telecommunications service providers;

161 (c) Inspect job sites and restoration projects of a
162 communications service provider;

163 (d) Determine the adequacy of right-of-way restoration
164 undertaken by telecommunications service providers and set
165 standards for right-of-way restoration; and

166 (e) Revoke right-of-way construction permits issued to
167 telecommunications service providers.

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

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

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

177 SECTION 6. To the extent that a person providing
178 telecommunications services that are regulated by the Mississippi
179 Public Service Commission experiences a tax savings as a result of
180 the provisions of this act, such savings shall inure to the
181 benefit of the customers of such person in a manner to be
182 determined by the Mississippi Public Service Commission. The
183 Mississippi Public Service Commission shall issue a rate reduction
184 order implementing the provisions of this section on or before
185 December 31, 2000.

186 SECTION 7. Section 27-65-19, Mississippi Code of 1972, is
187 amended as follows:[WAN1]

188 27-65-19. (1) (a) Except as otherwise provided in this
189 subsection, upon every person selling to consumers, electricity,
190 current, power, potable water, steam, coal, natural gas, liquefied
191 petroleum gas or other fuel, there is hereby levied, assessed and
192 shall be collected a tax equal to seven percent (7%) of the gross
193 income of the business. Provided, gross income from sales to
194 consumers of electricity, current, power, natural gas, liquefied
195 petroleum gas or other fuel for residential heating, lighting or
196 other residential noncommercial or nonagricultural use, and sales
197 of potable water for residential, noncommercial or nonagricultural
198 use shall be excluded from taxable gross income of the business.
199 Provided further, upon every such seller using electricity,
200 current, power, potable water, steam, coal, natural gas, liquefied
201 petroleum gas or other fuel for nonindustrial purposes, there is
202 hereby levied, assessed and shall be collected a tax equal to
203 seven percent (7%) of the cost or value of the product or service
204 used.

205 (b) There is hereby levied, assessed and shall be
206 collected a tax equal to one and one-half percent (1-1/2%) of the
207 gross income of the business when the electricity, current, power,
208 steam, coal, natural gas, liquefied petroleum gas or other fuel is

209 sold to or used by a manufacturer, custom processor or public
210 service company for industrial purposes, which shall include that
211 used to generate electricity, to operate an electrical
212 distribution or transmission system, to operate pipeline
213 compressor or pumping stations or to operate railroad locomotives;
214 provided, however, that:

215 (i) From and after July 1, 2000, through June 30,
216 2001, sales of fuel used to produce electric power by a company
217 primarily engaged in the business of producing, generating or
218 distributing electric power for sale shall be taxed at the rate of
219 one and one-eighth percent (1.125%);

220 (ii) From and after July 1, 2001, through June 30,
221 2002, sales of fuel used to produce electric power by a company
222 primarily engaged in the business of producing, generating or
223 distributing electric power for sale shall be taxed at the rate of
224 three-fourths of one percent (0.75%);

225 (iii) From and after July 1, 2002, through June
226 30, 2003, sales of fuel used to produce electric power by a
227 company primarily engaged in the business of producing, generating
228 or distributing electric power for sale shall be taxed at the rate
229 of three-eighths of one percent (0.375%);

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

235 (c) The one and one-half percent (1-1/2%) industrial
236 rate provided for in this subsection shall also apply when the
237 electricity, current, power, steam, coal, natural gas, liquefied
238 petroleum gas or other fuel is sold to a producer or processor for
239 use directly in the production of poultry or poultry products, the
240 production of livestock and livestock products, the production of
241 plants or food by commercial horticulturists, the processing of

242 milk and milk products, the processing of poultry and livestock
243 feed, and the irrigation of farm crops.

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

248 (e) Upon every person operating a telegraph or
249 telephone business for the transmission of messages or
250 conversations between points within this state, there is hereby
251 levied, assessed and shall be collected, a tax equal to seven
252 percent (7%) of the gross income of such business, with no
253 deduction or allowance for any part of an intrastate rate charge
254 because of routing across a state line. Charges for services that
255 are resold, including, but not limited to, access charges, shall
256 not be subject to the tax levied pursuant to this paragraph (e).
257 However, any sale of a prepaid telephone calling card or prepaid
258 authorization number, or both, shall be deemed to be the sale of
259 tangible personal property subject only to such taxes imposed by
260 law on the sale of tangible personal property. If the sale of a
261 prepaid telephone calling card or prepaid authorization number
262 does not take place at the vendor's place of business, it shall be
263 conclusively determined to take place at the customer's shipping
264 address. The reauthorization of a prepaid telephone calling card
265 or a prepaid authorization number shall be conclusively determined
266 to take place at the customer's billing address.

267 (f) Upon every person operating a telegraph or
268 telecommunications business for the transmission of messages or
269 conversations originating in this state or terminating in this
270 state via interstate telecommunications, which are charged to the
271 customer's service address in this state, regardless of where such
272 amount is billed or paid, there is hereby levied, assessed and
273 shall be collected a tax equal to five and one-fourth percent
274 (5.25%) of the gross income received by such business from such

275 interstate telecommunications. However, a person, upon proof that
276 he has paid a tax in another state on such event, shall be allowed
277 a credit against the tax imposed in this paragraph (f) on
278 interstate telecommunications charges to the extent that the
279 amount of such tax is properly due and actually paid in such other
280 state and to the extent that the rate of sales tax imposed by and
281 paid to such other state does not exceed the rate of sales tax
282 imposed by this section. Charges for services that are resold,
283 including, but not limited to, access charges, shall not be
284 subject to the tax levied pursuant to this subsection (f).

285 (2) Persons making sales to consumers of electricity,
286 current, power, natural gas, liquefied petroleum gas or other fuel
287 for residential heating, lighting or other residential
288 noncommercial or nonagricultural use or sales of potable water for
289 residential, noncommercial or nonagricultural use shall indicate
290 on each statement rendered to customers that such charges are
291 exempt from sales taxes.

292 (3) There is hereby levied, assessed and shall be paid on
293 transportation charges on shipments moving between points within
294 this state when paid directly by the consumer, a tax equal to the
295 rate applicable to the sale of the property being transported.
296 Such tax shall be reported and paid directly to the State Tax
297 Commission by the consumer.

298 SECTION 8. Section 27-65-75, Mississippi Code of 1972, is
299 amended as follows:[WAN2]

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

301 27-65-75. On or before the fifteenth day of each month, the
302 revenue collected under the provisions of this chapter during the
303 preceding month shall be paid and distributed as follows:

304 (1) On or before August 15, 1992, and each succeeding month
305 thereafter through July 15, 1993, eighteen percent (18%) of the
306 total sales tax revenue collected during the preceding month under
307 the provisions of this chapter, except that collected under the

308 provisions of Sections 27-65-15, 27-65-19(3) and 27-65-21, on
309 business activities within a municipal corporation shall be
310 allocated for distribution to such municipality and paid to such
311 municipal corporation. On or before August 15, 1993, and each
312 succeeding month thereafter, eighteen and one-half percent
313 (18-1/2%) of the total sales tax revenue collected during the
314 preceding month under the provisions of this chapter, except that
315 collected under the provisions of Sections 27-65-15, 27-65-19(3)
316 and 27-65-21, on business activities within a municipal
317 corporation shall be allocated for distribution to such
318 municipality and paid to such municipal corporation.

319 A municipal corporation, for the purpose of distributing the
320 tax under this subsection, shall mean and include all incorporated
321 cities, towns and villages.

322 Monies allocated for distribution and credited to a municipal
323 corporation under this subsection may be pledged as security for
324 any loan received by the municipal corporation for the purpose of
325 capital improvements as authorized under Section 57-1-303, or
326 loans as authorized under Section 57-44-7, or water systems
327 improvements as authorized under Section 41-3-16.

328 In any county having a county seat which is not an
329 incorporated municipality, the distribution provided hereunder
330 shall be made as though the county seat was an incorporated
331 municipality; however, the distribution to such municipality shall
332 be paid to the county treasury wherein the municipality is located
333 and such funds shall be used for road, bridge and street
334 construction or maintenance therein.

335 (2) On or before September 15, 1987, and each succeeding
336 month thereafter, from the revenue collected under this chapter
337 during the preceding month One Million One Hundred Twenty-five
338 Thousand Dollars (\$1,125,000.00) shall be allocated for
339 distribution to municipal corporations as defined under subsection
340 (1) of this section in the proportion that the number of gallons

341 of gasoline and diesel fuel sold by distributors to consumers and
342 retailers in each such municipality during the preceding fiscal
343 year bears to the total gallons of gasoline and diesel fuel sold
344 by distributors to consumers and retailers in municipalities
345 statewide during the preceding fiscal year. The State Tax
346 Commission shall require all distributors of gasoline and diesel
347 fuel to report to the commission monthly the total number of
348 gallons of gasoline and diesel fuel sold by them to consumers and
349 retailers in each municipality during the preceding month. The
350 State Tax Commission shall have the authority to promulgate such
351 rules and regulations as is necessary to determine the number of
352 gallons of gasoline and diesel fuel sold by distributors to
353 consumers and retailers in each municipality. In determining the
354 percentage allocation of funds under this subsection for the
355 fiscal year beginning July 1, 1987, and ending June 30, 1988, the
356 State Tax Commission may consider gallons of gasoline and diesel
357 fuel sold for a period of less than one (1) fiscal year. For the
358 purposes of this subsection, the term "fiscal year" means the
359 fiscal year beginning July 1 of a year.

360 (3) On or before September 15, 1987, and on or before the
361 fifteenth day of each succeeding month, until the date specified
362 in Section 65-39-35, the proceeds derived from contractors' taxes
363 levied under Section 27-65-21 on contracts for the construction or
364 reconstruction of highways designated under the Four-Lane Highway
365 Program created under Section 65-3-97 shall, except as otherwise
366 provided in Section 31-17-127, be deposited into the State
367 Treasury to the credit of the State Highway Fund to be used to
368 fund such Four-Lane Highway Program. The Mississippi Department
369 of Transportation shall provide to the State Tax Commission such
370 information as is necessary to determine the amount of proceeds to
371 be distributed under this subsection.

372 (4) On or before August 15, 1994, and on or before the
373 fifteenth day of each succeeding month through July 15, 1999, from

374 the proceeds of gasoline, diesel fuel or kerosene taxes as
375 provided in Section 27-5-101(a)(ii)1, Four Million Dollars
376 (\$4,000,000.00) shall be deposited in the State Treasury to the
377 credit of a special fund designated as the "State Aid Road Fund,"
378 created by Section 65-9-17. On or before August 15, 1999, and on
379 or before the fifteenth day of each succeeding month, from the
380 total amount of the proceeds of gasoline, diesel fuel or kerosene
381 taxes apportioned by Section 27-5-101(a)(ii), Four Million Dollars
382 (\$4,000,000.00) or an amount equal to twenty-three and one-fourth
383 percent (23.25%) of such funds, whichever is the greater amount,
384 shall be deposited in the State Treasury to the credit of the
385 "State Aid Road Fund," created by Section 65-9-17. Such funds
386 shall be pledged to pay the principal of and interest on state aid
387 road bonds heretofore issued under Sections 19-9-51 through
388 19-9-77, in lieu of and in substitution for the funds heretofore
389 allocated to counties under this section. Such funds may not be
390 pledged for the payment of any state aid road bonds issued after
391 April 1, 1981; however, this prohibition against the pledging of
392 any such funds for the payment of bonds shall not apply to any
393 bonds for which intent to issue such bonds has been published, for
394 the first time, as provided by law prior to March 29, 1981. From
395 the amount of taxes paid into the special fund pursuant to this
396 subsection and subsection (9) of this section, there shall be
397 first deducted and paid the amount necessary to pay the expenses
398 of the Office of State Aid Road Construction, as authorized by the
399 Legislature for all other general and special fund agencies. The
400 remainder of the fund shall be allocated monthly to the several
401 counties in accordance with the following formula:

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

404 (b) One-third (1/3) shall be allocated to counties
405 based on the proportion that the total number of rural road miles
406 in a county bears to the total number of rural road miles in all

407 counties of the state; and

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

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

415 The amount of funds allocated to any county under this
416 subsection for any fiscal year after fiscal year 1994 shall not be
417 less than the amount allocated to such county for fiscal year
418 1994. Monies allocated to a county from the State Aid Road Fund
419 for fiscal year 1995 or any fiscal year thereafter that exceed the
420 amount of funds allocated to that county from the State Aid Road
421 Fund for fiscal year 1994, first must be expended by the county
422 for replacement or rehabilitation of bridges on the state aid road
423 system that have a sufficiency rating of less than twenty-five
424 (25), according to National Bridge Inspection standards before
425 such monies may be approved for expenditure by the State Aid Road
426 Engineer on other projects that qualify for the use of state aid
427 road funds.

428 Any reference in the general laws of this state or the
429 Mississippi Code of 1972 to Section 27-5-105 shall mean and be
430 construed to refer and apply to subsection (4) of Section
431 27-65-75.

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

438 (6) An amount each month beginning August 15, 1983, through
439 November 15, 1986, as specified in Section 6 of Chapter 542, Laws

440 of 1983, shall be paid into the special fund known as the
441 Correctional Facilities Construction Fund created in Section 6 of
442 Chapter 542, Laws of 1983.

443 (7) On or before August 15, 1992, and each succeeding month
444 thereafter, two and two hundred sixty-six one-thousandths percent
445 (2.266%) of the total sales tax revenue collected during the
446 preceding month under the provisions of this chapter, except that
447 collected under the provisions of Section 27-65-17(2) shall be
448 deposited by the commission into the School Ad Valorem Tax
449 Reduction Fund created pursuant to Section 37-61-35.

450 (8) On or before August 15, 1992, and each succeeding month
451 thereafter, nine and seventy-three one-thousandths percent
452 (9.073%) of the total sales tax revenue collected during the
453 preceding month under the provisions of this chapter, except that
454 collected under the provisions of Section 27-65-17(2) shall be
455 deposited into the Education Enhancement Fund created pursuant to
456 Section 37-61-33.

457 (9) On or before August 15, 1994, and each succeeding month
458 thereafter, from the revenue collected under this chapter during
459 the preceding month, Two Hundred Fifty Thousand Dollars
460 (\$250,000.00) shall be paid into the State Aid Road Fund.

461 (10) On or before August 15, 1994, and each succeeding month
462 thereafter through August 15, 1995, from the revenue collected
463 under this chapter during the preceding month, Two Million Dollars
464 (\$2,000,000.00) shall be deposited into the Motor Vehicle Ad
465 Valorem Tax Reduction Fund established in Section 27-51-105.

466 (11) Notwithstanding any other provision of this section to
467 the contrary, on or before February 15, 1995, and each succeeding
468 month thereafter, the sales tax revenue collected during the
469 preceding month under the provisions of Section 27-65-17(2) and
470 the corresponding levy in Section 27-65-23 on the rental or lease
471 of private carriers of passengers and light carriers of property
472 as defined in Section 27-51-101 shall be deposited, without

473 diversion, into the Motor Vehicle Ad Valorem Tax Reduction Fund
474 established in Section 27-51-105.

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

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

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

499 (15) Notwithstanding any other provision of this section to
500 the contrary, on or before August 15, 2000, and each succeeding
501 month thereafter, the sales tax revenue collected during the
502 preceding month under the provisions of Section 27-65-19(f), shall
503 be deposited, without diversion, into the Telecommunications Ad
504 Valorem Tax Reduction Fund established in Section 4 of Senate Bill
505 No. 2512, 2000 Regular Session.

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

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

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

523 27-65-75. On or before the fifteenth day of each month, the
524 revenue collected under the provisions of this chapter during the
525 preceding month shall be paid and distributed as follows:

526 (1) On or before August 15, 1992, and each succeeding month
527 thereafter through July 15, 1993, eighteen percent (18%) of the
528 total sales tax revenue collected during the preceding month under
529 the provisions of this chapter, except that collected under the
530 provisions of Sections 27-65-15, 27-65-19(3) and 27-65-21, on
531 business activities within a municipal corporation shall be
532 allocated for distribution to such municipality and paid to such
533 municipal corporation. On or before August 15, 1993, and each
534 succeeding month thereafter, eighteen and one-half percent
535 (18-1/2%) of the total sales tax revenue collected during the
536 preceding month under the provisions of this chapter, except that
537 collected under the provisions of Sections 27-65-15, 27-65-19(3)
538 and 27-65-21, on business activities within a municipal

539 corporation shall be allocated for distribution to such
540 municipality and paid to such municipal corporation.

541 A municipal corporation, for the purpose of distributing the
542 tax under this subsection, shall mean and include all incorporated
543 cities, towns and villages.

544 Monies allocated for distribution and credited to a municipal
545 corporation under this subsection may be pledged as security for
546 any loan received by the municipal corporation for the purpose of
547 capital improvements as authorized under Section 57-1-303, or
548 loans as authorized under Section 57-44-7, or water systems
549 improvements as authorized under Section 41-3-16.

550 In any county having a county seat which is not an
551 incorporated municipality, the distribution provided hereunder
552 shall be made as though the county seat was an incorporated
553 municipality; however, the distribution to such municipality shall
554 be paid to the county treasury wherein the municipality is located
555 and such funds shall be used for road, bridge and street
556 construction or maintenance therein.

557 (2) On or before September 15, 1987, and each succeeding
558 month thereafter, from the revenue collected under this chapter
559 during the preceding month One Million One Hundred Twenty-five
560 Thousand Dollars (\$1,125,000.00) shall be allocated for
561 distribution to municipal corporations as defined under subsection
562 (1) of this section in the proportion that the number of gallons
563 of gasoline and diesel fuel sold by distributors to consumers and
564 retailers in each such municipality during the preceding fiscal
565 year bears to the total gallons of gasoline and diesel fuel sold
566 by distributors to consumers and retailers in municipalities
567 statewide during the preceding fiscal year. The State Tax
568 Commission shall require all distributors of gasoline and diesel
569 fuel to report to the commission monthly the total number of
570 gallons of gasoline and diesel fuel sold by them to consumers and
571 retailers in each municipality during the preceding month. The

572 State Tax Commission shall have the authority to promulgate such
573 rules and regulations as is necessary to determine the number of
574 gallons of gasoline and diesel fuel sold by distributors to
575 consumers and retailers in each municipality. In determining the
576 percentage allocation of funds under this subsection for the
577 fiscal year beginning July 1, 1987, and ending June 30, 1988, the
578 State Tax Commission may consider gallons of gasoline and diesel
579 fuel sold for a period of less than one (1) fiscal year. For the
580 purposes of this subsection, the term "fiscal year" means the
581 fiscal year beginning July 1 of a year.

582 (3) On or before September 15, 1987, and on or before the
583 fifteenth day of each succeeding month, until the date specified
584 in Section 65-39-35, the proceeds derived from contractors' taxes
585 levied under Section 27-65-21 on contracts for the construction or
586 reconstruction of highways designated under the Four-Lane Highway
587 Program created under Section 65-3-97 shall, except as otherwise
588 provided in Section 31-17-127, be deposited into the State
589 Treasury to the credit of the State Highway Fund to be used to
590 fund such Four-Lane Highway Program. The Mississippi Department
591 of Transportation shall provide to the State Tax Commission such
592 information as is necessary to determine the amount of proceeds to
593 be distributed under this subsection.

594 (4) On or before August 15, 1994, and on or before the
595 fifteenth day of each succeeding month through July 15, 1999, from
596 the proceeds of gasoline, diesel fuel or kerosene taxes as
597 provided in Section 27-5-101(a)(ii)1, Four Million Dollars
598 (\$4,000,000.00) shall be deposited in the State Treasury to the
599 credit of a special fund designated as the "State Aid Road Fund,"
600 created by Section 65-9-17. On or before August 15, 1999, and on
601 or before the fifteenth day of each succeeding month, from the
602 total amount of the proceeds of gasoline, diesel fuel or kerosene
603 taxes apportioned by Section 27-5-101(a)(ii), Four Million Dollars
604 (\$4,000,000.00) or an amount equal to twenty-three and one-fourth

605 percent (23.25%) of such funds, whichever is the greater amount,
606 shall be deposited in the State Treasury to the credit of the
607 "State Aid Road Fund," created by Section 65-9-17. Such funds
608 shall be pledged to pay the principal of and interest on state aid
609 road bonds heretofore issued under Sections 19-9-51 through
610 19-9-77, in lieu of and in substitution for the funds heretofore
611 allocated to counties under this section. Such funds may not be
612 pledged for the payment of any state aid road bonds issued after
613 April 1, 1981; however, this prohibition against the pledging of
614 any such funds for the payment of bonds shall not apply to any
615 bonds for which intent to issue such bonds has been published, for
616 the first time, as provided by law prior to March 29, 1981. From
617 the amount of taxes paid into the special fund pursuant to this
618 subsection and subsection (9) of this section, there shall be
619 first deducted and paid the amount necessary to pay the expenses
620 of the Office of State Aid Road Construction, as authorized by the
621 Legislature for all other general and special fund agencies. The
622 remainder of the fund shall be allocated monthly to the several
623 counties in accordance with the following formula:

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

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

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

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

637 The amount of funds allocated to any county under this

638 subsection for any fiscal year after fiscal year 1994 shall not be
639 less than the amount allocated to such county for fiscal year
640 1994. Monies allocated to a county from the State Aid Road Fund
641 for fiscal year 1995 or any fiscal year thereafter that exceed the
642 amount of funds allocated to that county from the State Aid Road
643 Fund for fiscal year 1994, first must be expended by the county
644 for replacement or rehabilitation of bridges on the state aid road
645 system that have a sufficiency rating of less than twenty-five
646 (25), according to National Bridge Inspection standards before
647 such monies may be approved for expenditure by the State Aid Road
648 Engineer on other projects that qualify for the use of state aid
649 road funds.

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

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

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

665 (7) On or before August 15, 1992, and each succeeding month
666 thereafter, two and two hundred sixty-six one-thousandths percent
667 (2.266%) of the total sales tax revenue collected during the
668 preceding month under the provisions of this chapter, except that
669 collected under the provisions of Section 27-65-17(2), not to
670 exceed the fiscal year 1997 appropriated level shall be deposited

671 by the commission into the School Ad Valorem Tax Reduction Fund
672 created pursuant to Section 37-61-35, with the balance to be
673 transferred to the Education Enhancement Fund created under
674 Section 37-61-33 for appropriation by the Legislature as other
675 education needs and not subject to the percentage set asides set
676 forth in Section 37-61-33.

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

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

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

693 (11) Notwithstanding any other provision of this section to
694 the contrary, on or before February 15, 1995, and each succeeding
695 month thereafter, the sales tax revenue collected during the
696 preceding month under the provisions of Section 27-65-17(2) and
697 the corresponding levy in Section 27-65-23 on the rental or lease
698 of private carriers of passengers and light carriers of property
699 as defined in Section 27-51-101 shall be deposited, without
700 diversion, into the Motor Vehicle Ad Valorem Tax Reduction Fund
701 established in Section 27-51-105.

702 (12) Notwithstanding any other provision of this section to
703 the contrary, on or before August 15, 1995, and each succeeding

704 month thereafter, the sales tax revenue collected during the
705 preceding month under the provisions of Section 27-65-17(1) on
706 retail sales of private carriers of passengers and light carriers
707 of property, as defined in Section 27-51-101, and the
708 corresponding levy in Section 27-65-23 on the rental or lease of
709 these vehicles, shall be deposited, after diversion, into the
710 Motor Vehicle Ad Valorem Tax Reduction Fund established in Section
711 27-51-105.

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

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

727 (15) Notwithstanding any other provision of this section to
728 the contrary, on or before August 15, 2000, and each succeeding
729 month thereafter, the sales tax revenue collected during the
730 preceding month under the provisions of Section 27-65-19(f), shall
731 be deposited, without diversion, into the Telecommunications Ad
732 Valorem Tax Reduction Fund established in Section 4 of Senate Bill
733 No. 2512, 2000 Regular Session.

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

737 (17) It shall be the duty of the municipal officials of any
738 municipality which expands its limits, or of any community which
739 incorporates as a municipality, to notify the commissioner of such
740 action thirty (30) days before the effective date. Failure to so
741 notify the commissioner shall cause such municipality to forfeit
742 the revenue which it would have been entitled to receive during
743 this period of time when the commissioner had no knowledge of the
744 action. If any funds have been erroneously disbursed to any
745 municipality or any overpayment of tax is recovered by the
746 taxpayer, the commissioner may make correction and adjust the
747 error or overpayment with such municipality by withholding the
748 necessary funds from any subsequent payment to be made to the
749 municipality.

750 SECTION 9. Section 27-35-319, Mississippi Code of 1972, is
751 amended as follows:[WAN3]

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

764 * * *

765 SECTION 10. Section 7 of this act shall be effective with
766 respect to taxable services reflected on bills submitted by
767 telecommunications service providers to their customers which are
768 dated on or after July 1, 2000, regardless of when such services
769 are provided. The remaining provisions of this act shall take

770 effect and be in force from and after July 1, 2000.