SENIATE BILL NO. 2165

AN ACT TO AMEND SECTIONS 27-65-15, 27-65-17, 27-65-19,
PHASE IN A REDUCTION IN THE AMOUNT OF THE SALES TAX ON ALL ITEMS
CURRENTLY TAXED AT 7% TO 6%; TO AMEND SECTION 27-65-75,
MISSISSIPPI CODE OF 1972, TO INCREASE THE PERCENTAGE AMOUNT OF THE
SALES TAX DIVERSIONS TO MUNICIPALITIES, THE SCHOOL AD VALOREM TAX
REDUCTION FUND AND THE EDUCATION ENHANCEMENT FUND; AND FOR RELATED
PURPOSES.

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

SECTION 1. Section 27-65-15, Mississippi Code of 1972, is
amended as follows:

27-65-15. Upon every person engaging or continuing within
this state in the business of mining, quarrying, drilling or
otherwise producing, or causing to be produced for sale, profit,
or commercial use, limestone, sand, gravel, dirt, coal, lignite or
other mineral or natural resource products, except timber, oil,
natural gas and salt, there is hereby levied and assessed and
shall be collected taxes as follows:

(a) Sales to consumers within this state shall be taxed
under Section 27-65-17 or Section 27-65-19, as the case may be.

(b) Sales defined as wholesale or exempt, used by the
producers as a component material of a contract taxable under
Section 27-65-21, as a raw material of a manufactured product, or
delivered outside this state, shall be taxed at (i) six and
three-fourths percent (6-3/4%) of the gross proceeds of sales
through June 30, 2002, (ii) six and one-half percent (6-1/2%) of
the gross proceeds of sales from and after July 1, 2002, through
June 30, 2003, (iii) six and one-fourth percent (6-1/4%) of the
gross proceeds of sales from and after July 1, 2003, through June
30, 2004, and (iv) six percent (6%) of the gross proceeds of sales

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from and after July 1, 2004, exclusive of delivery charges, or value when converted to use, whichever is greater, but not to exceed Five Cents (5¢) per ton with respect to sand, gravel, dirt, clay or limestone.

The commission shall prescribe equitable and uniform rules for ascertaining value.

All privilege taxes levied upon persons engaged in the production of natural resource products by this chapter shall be a lien upon all such products so produced and such lien shall be entitled to preference over all judgments, executions, encumbrances or liens, whensoever created. All persons to or through whom the title to such products pass shall be jointly and severally liable for such tax until the same is paid in full.

The tax imposed in this section shall be collected by the commissioner from the person in charge of the production operations, and the commissioner is hereby authorized to make such investigations and inspections of the production operations, from time to time, as he may deem necessary for the purpose of ascertaining the correct amount of tax due.

SECTION 2. Section 27-65-17, Mississippi Code of 1972, is amended as follows:

27-65-17. (1) Upon every person engaging or continuing within this state in the business of selling any tangible personal property whatsoever there is hereby levied, assessed and shall be collected a tax equal to (i) six and three-fourths percent (6-3/4%) of the gross proceeds of the retail sales of the business, through June 30, 2002, (ii) six and one-half percent (6-1/2%) of the gross proceeds of the retail sales of the business from and after July 1, 2002, through June 30, 2003, (iii) six and one-fourth percent (6-1/4%) of the gross proceeds of the retail sales of the business from and after July 1, 2003, through June 30, 2004, and (iv) six percent (6%) of the gross proceeds of the retail sales of the business from and after July 1, 2004, through June 30, 2005.
retail sales of the business from and after July 1, 2004, except
as otherwise provided herein.

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

Retail sales of farm implements sold to farmers and used
directly in the production of poultry, ratite, domesticated fish
as defined in Section 69-7-501, livestock, livestock products,
agricultural crops or ornamental plant crops or used for other
agricultural purposes shall be taxed at the rate of three percent
(3%) when used on the farm. The three percent (3%) rate shall
also apply to all equipment used in logging, pulpwod operations
or tree farming which is either (a) self-propelled or which is (b)
mounted so that it is (i) permanently attached to other equipment
which is self-propelled or (ii) permanently attached to other
equipment drawn by a vehicle which is self-propelled.

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

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

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

Sales of tangible personal property to electric power
associations for use in the ordinary and necessary operation of
their generating or distribution systems shall be taxed at the
rate of one percent (1%).
Wholesale sales of beer shall be taxed at the rate of (i) six and three-fourths percent (6-3/4%) through June 30, 2002, (ii) six and one-half percent (6-1/2%) from and after July 1, 2002, through June 30, 2003, (iii) six and one-fourth percent (6-1/4%) from and after July 1, 2003, through June 30, 2004, and (iv) six percent (6%) from and after July 1, 2004, and the retailer shall file a return and compute the retail tax on retail sales but may take credit for the amount of the tax paid to the wholesaler on said return covering the subsequent sales of same property, provided adequate invoices and records are maintained to substantiate the credit.

Wholesale sales of food and drink for human consumption to full service vending machine operators to be sold through vending machines located apart from and not connected with other taxable businesses shall be taxed at the rate of eight percent (8%).

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

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

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

(3) In lieu of the tax levied in subsection (1) of this section, there is levied on retail sales of truck-tractors and semitrailers used in interstate commerce and registered under the International Registration Plan (IRP) or any similar reciprocity agreement or compact relating to the proportional registration of commercial vehicles entered into as provided for in Section 27-19-143, a tax at the rate of three percent (3%) of the portion
of the sale that is attributable to the usage of such truck-tractor or semitrailer in Mississippi. The portion of the retail sale that is attributable to the usage of such truck-tractor or semitrailer in Mississippi is the retail sales price of the truck-tractor or semitrailer multiplied by the percentage of the total miles traveled by the vehicle that are traveled in Mississippi. The tax levied pursuant to this subsection (3) shall be collected by the State Tax Commission from the purchaser of such truck-tractor or semitrailer at the time of registration of such truck-tractor or semitrailer.

SECTION 3. Section 27-65-19, Mississippi Code of 1972, is amended as follows:

27-65-19. (1) (a) Except as otherwise provided in this subsection, upon every person selling to consumers, electricity, current, power, potable water, steam, coal, natural gas, liquefied petroleum gas or other fuel, there is hereby levied, assessed and shall be collected a tax equal to (i) six and three-fourths percent (6-3/4%) of the gross income of the business through June 30, 2002, (ii) six and one-half percent (6-1/2%) of the gross income of the business from and after July 1, 2002, through June 30, 2003, (iii) six and one-fourth percent (6-1/4%) of the gross income of the business from and after July 1, 2003, through June 30, 2004, and (iv) six percent (6%) of the gross income of the business from and after July 1, 2004. Provided, gross income from sales to consumers of electricity, current, power, natural gas, liquefied petroleum gas or other fuel for residential heating, lighting or other residential noncommercial or nonagricultural use, and sales of potable water for residential, noncommercial or nonagricultural use shall be excluded from taxable gross income of the business. Provided further, upon every such seller using electricity, current, power, potable water, steam, coal, natural gas, liquefied petroleum gas or other fuel for nonindustrial purposes, there is hereby levied, assessed and shall be collected...
a tax equal to (i) six and three-fourths percent (6-3/4%) of the cost or value of the product or service used through June 30, 2002, (ii) six and one-half percent (6-1/2%) of the cost or value of the product or service used from and after July 1, 2002, through June 30, 2003, (iii) six and one-fourth percent (6-1/4%) of the cost or value of the product or service used from and after July 1, 2003, through June 30, 2004, and (iv) six percent (6%) of the cost or value of the product or service used from and after July 1, 2004.

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

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

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

(iii) From and after July 1, 2002, through June 30, 2003, sales of fuel used to produce electric power by a company primarily engaged in the business of producing, generating
or distributing electric power for sale shall be taxed at the rate
of three-eighths of one percent (0.375%); (iv) From and after July 1, 2003, sales of fuel
used to produce electric power by a company primarily engaged in
the business of producing, generating or distributing electric
power for sale shall be exempt from sales tax as provided in
Section 27-65-107. (c) The one and one-half percent (1-1/2%) industrial
rate provided for in this subsection shall also apply when the
electricity, current, power, steam, coal, natural gas, liquefied
petroleum gas or other fuel is sold to a producer or processor for
use directly in the production of poultry or poultry products, the
production of livestock and livestock products, the production of
plants or food by commercial horticulturists, the processing of
milk and milk products, the processing of poultry and livestock
feed, and the irrigation of farm crops. (d) The one and one-half percent (1-1/2%) rate provided
for in this subsection shall not apply to sales of fuel for
automobiles, trucks, truck-tractors, buses, farm tractors or
airplanes. (e) Upon every person operating a telegraph or
telephone business for the transmission of messages or
conversations between points within this state, there is hereby
levied, assessed and shall be collected a tax equal to (i) six and
three-fourths percent (6-3/4%) of the gross income of such
business through June 30, 2002, (ii) six and one-half percent
(6-1/2%) of the gross income of such business from and after July
1, 2002, through June 30, 2003, (iii) six and one-fourth percent
(6-1/4%) of the gross income of such business from and after July
1, 2003, through June 30, 2004, and (iv) six percent (6%) of the
gross income of such business from and after July 1, 2004, with no
deduction or allowance for any part of an intrastate rate charge
because of routing across a state line. Charges by one
telecommunications provider to another telecommunications provider for services that are resold by such other telecommunications provider, including, but not limited to, access charges, shall not be subject to the tax levied pursuant to this paragraph (e).

However, any sale of a prepaid telephone calling card or prepaid authorization number, or both, shall be deemed to be the sale of tangible personal property subject only to such taxes imposed by law on the sale of tangible personal property. If the sale of a prepaid telephone calling card or prepaid authorization number does not take place at the vendor's place of business, it shall be conclusively determined to take place at the customer's shipping address. The reauthorization of a prepaid telephone calling card or a prepaid authorization number shall be conclusively determined to take place at the customer's billing address.

(f) Upon every person operating a telegraph or telecommunications business for the transmission of messages or conversations originating in this state or terminating in this state via interstate telecommunications, which are charged to the customer's service address in this state, regardless of where such amount is billed or paid, there is hereby levied, assessed and shall be collected a tax equal to five and one-half percent (5.5%) of the gross income received by such business from such interstate telecommunications. However, a person, upon proof that he has paid a tax in another state on such event, shall be allowed a credit against the tax imposed in this paragraph (f) on interstate telecommunications charges to the extent that the amount of such tax is properly due and actually paid in such other state and to the extent that the rate of sales tax imposed by and paid to such other state does not exceed the rate of sales tax imposed by this paragraph (f). Charges by one telecommunications provider to another telecommunications provider for services that are resold by such other telecommunications provider, including, but not
limited to, access charges, shall not be subject to the tax levied pursuant to this paragraph (f).

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

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

SECTION 4. Section 27-65-22, Mississippi Code of 1972, is amended as follows:

27-65-22. (1) Upon every person engaging or continuing in any amusement business or activity, which shall include all manner and forms of entertainment and amusement, all forms of diversion, sport, recreation or pastime, shows, exhibitions, contests, displays, games or any other and all methods of obtaining admission charges, donations, contributions or monetary charges of any character, from the general public or a limited or selected number thereof, directly or indirectly in return for other than tangible property or specific personal or professional services, whether such amusement is held or conducted in a public or private building, hotel, tent, pavilion, lot or resort, enclosed or in the open, there is hereby levied, assessed and shall be collected a tax equal to (i) six and three-fourths percent (6-3/4%) of the gross income received as admission through June 30, 2002, (ii) six and one-half percent (6-1/2%) of the gross income received as admission from and after July 1, 2002, through June 30, 2003,
(iii) six and one-fourth percent (6-1/4%) of the gross income received as admission from and after July 1, 2003, through June 30, 2004, and (iv) six percent (6%) of the gross income received as admission from and after July 1, 2004, except as otherwise provided herein. In lieu of the rate set forth above, there is hereby imposed, levied and assessed, to be collected as hereinafter provided, a tax of three percent (3%) of gross revenue derived from sales of admission to publicly owned enclosed coliseums and auditoriums (except admissions to athletic contests between colleges and universities). There is hereby imposed, levied and assessed a tax of (i) six and three-fourths percent (6-3/4%) of gross revenue derived from sales of admission to events conducted on property managed by the Mississippi Veterans Memorial Stadium through June 30, 2002, (ii) six and one-half percent (6-1/2%) of the gross revenue derived from sales of admission to events conducted on property managed by the Mississippi Veterans Memorial Stadium from and after July 1, 2002, through June 30, 2003, (iii) six and one-fourth percent (6-1/4%) of the gross revenue derived from sales of admission to events conducted on property managed by the Mississippi Veterans Memorial Stadium from and after July 1, 2003, through June 30, 2004, and (iv) six percent (6%) of the gross revenue derived from sales of admission to events conducted on property managed by the Mississippi Veterans Memorial Stadium from and after July 1, 2004, which tax shall be administered in the manner prescribed in this chapter, subject, however, to the provisions of Sections 55-23-3 through 55-23-11.

(2) The operator of any place of amusement in this state shall collect the tax imposed by this section, in addition to the price charged for admission to any place of amusement, and under all circumstances the person conducting the amusement shall be liable for, and pay the tax imposed based upon the actual charge for such admission. Where permits are obtained for conducting
temporary amusements by persons who are not the owners, lessees or
custodians of the buildings, lots or places where the amusements
are to be conducted, or where such temporary amusement is
permitted by the owner, lessee or custodian of any place to be
conducted without the procurement of a permit as required by this
chapter, the tax imposed by this chapter shall be paid by the
owner, lessee or custodian of such place where such temporary
amusement is held or conducted, unless paid by the person
conducting the amusement, and the applicant for such temporary
permit shall furnish with the application therefor, the name and
address of the owner, lessee or custodian of the premises upon
which such amusement is to be conducted, and such owner, lessee or
custodian shall be notified by the commission of the issuance of
such permit, and of the joint liability for such tax.

(3) The tax imposed by this section shall not be levied or
collected upon:

(a) Any admissions charged at any place of amusement
operated by a religious, charitable or educational organization,
or by a nonprofit civic club or fraternal organization (i) when
the net proceeds of such admissions do not inure to any one or
more individuals within such organization and are to be used
solely for religious, charitable, educational or civic purposes;
or (ii) when the entire net proceeds are used to defray the normal
operating expenses of such organization, such as loan payments,
maintenance costs, repairs and other operating expenses;

(b) Any admissions charged to hear gospel singing when
promoted by a duly constituted local, bona fide nonprofit
charitable or religious organization, irrespective of the fact
that the performers and promoters are paid out of the proceeds of
admissions collected, provided the program is composed entirely of
gospel singing and not generally mixed with hillbilly or popular
singing;
(c) Any admissions charged at any athletic games or contests between high schools or between grammar schools;

(d) Any admissions or tickets to or for baseball games between teams operated under a professional league franchise;

(e) Any admissions to county, state or community fairs, or any admissions to entertainments presented in community homes or houses which are publicly owned and controlled, and the proceeds of which do not inure to any individual or individuals;

(f) Any admissions or tickets to organized garden pilgrimages and to antebellum and historic houses when sponsored by an organized civic or garden club;

(g) Any admissions to any golf tournament held under the auspices of the Professional Golf Association or United States Golf Association wherein touring professionals compete, if such tournament is sponsored by a nonprofit association incorporated under the laws of the State of Mississippi where no dividends are declared and the proceeds do not inure to any individual or group;

(h) Any admissions to university or community college conference, state, regional or national playoffs or championships;

(i) Any admissions or fees charged by any county or municipally owned and operated swimming pools, golf courses and tennis courts other than sales or rental of tangible personal property;

(j) Any admissions charged for the performance of symphony orchestras, operas, vocal or instrumental artists in which professional or amateur performers are compensated out of the proceeds of such admissions, when sponsored by local music or charity associations, or amateur dramatic performances or professional dramatic productions when sponsored by a children's dramatic association, where no dividends are declared, profits received, nor any salary or compensation paid to any of the members of such associations, or to any person for procuring or producing such performance; and
(k) Any admissions or tickets to or for hockey games between teams operated under a professional league franchise.

SECTION 5. Section 27-65-23, Mississippi Code of 1972, is amended as follows:

27-65-23. Upon every person engaging or continuing in any of the following businesses or activities there is hereby levied, assessed and shall be collected a tax equal to (i) six and three-fourths percent (6-3/4%) of the gross income of the business through June 30, 2002, (ii) six and one-half percent (6-1/2%) of the gross income of the business from and after July 1, 2002, through June 30, 2003, (iii) six and one-fourth percent (6-1/4%) of the gross income of the business from and after July 1, 2003, through June 30, 2004, and (iv) six percent (6%) of the gross income of the business from and after July 1, 2004, except as otherwise provided:

- Air conditioning installation or repairs;
- Automobile, aircraft, motorcycle, boat or any other vehicle repairing or servicing;
- Billiards, pool or domino parlors;
- Bowling or tenpin alleys;
- Burglar and fire alarm systems or services;
- Car washing-automatic, self-service, or manual;
- Computer software sales and services;
- Cotton compresses or cotton warehouses;
- Custom creosoting or treating, custom planing, custom sawing;
- Custom meat processing;
- Electricians, electrical work, wiring, all repairs or installation of electrical equipment;
- Elevator or escalator installing, repairing or servicing;
- Film developing or photo finishing;
- Foundries, machine or general repairing;
Furniture repairing or upholstering;
Grading, excavating, ditching, dredging or landscaping;
Hotels, motels, tourist courts or camps, trailer parks;
Insulating services or repairs;
Jewelry or watch repairing;
Laundering, cleaning, pressing or dyeing;
Marina services;
Mattress renovating;
Office and business machine repairing;
Parking garages and lots;
Plumbing or pipe fitting;
Public storage warehouses;
Refrigerating equipment repairs;
Radio or television installing, repairing, or servicing;
Renting or leasing personal property used within this state;
Services performed in connection with geophysical surveying, exploring, developing, drilling, producing,
distributing, or testing of oil, gas, water and other mineral resources;
Shoe repairing;
Storage lockers;
Telephone answering or paging services;
Termite or pest control services;
Tin and sheet metal shops;
TV cable systems, subscription TV services, and other similar activities;
Vulcanizing, repairing or recapping of tires or tubes;
Welding; and
Woodworking or wood turning shops.
Income from services taxed herein performed for electric power associations in the ordinary and necessary operation of
their generating or distribution systems shall be taxed at the rate of one percent (1%).

Income from services taxed herein performed on materials for use in track or track structures to a railroad whose rates are fixed by the Interstate Commerce Commission or the Mississippi Public Service Commission shall be taxed at the rate of three percent (3%).

Income from renting or leasing tangible personal property used within this state shall be taxed at the same rates as sales of the same property.

Persons doing business in this state who rent transportation equipment with a situs within or without the state to common, contract or private commercial carriers are taxed on that part of the income derived from use within this state. If specific accounting is impracticable, a formula may be used with approval of the commissioner.

A lessor may deduct from the tax computed on the rental income from tangible personal property a credit for sales or use tax paid to this state at the time of purchase of the specific personal property being leased or rented until such credit has been exhausted.

Charges for custom processing and repairing services may be excluded from gross taxable income when the property on which the service was performed is delivered to the customer in another state either by common carrier or in the seller's equipment.

When a taxpayer performs unitary services covered by this section, which are performed both in intrastate and interstate commerce, the commissioner is hereby invested with authority to formulate in each particular case and to fix for such taxpayer in each instance formulae of apportionment which will apportion to this state, for taxation, that portion of the services which are performed within the State of Mississippi.
SECTION 6. Section 27-65-25, Mississippi Code of 1972, is amended as follows:

27-65-25. Upon every person engaging or continuing within this state in the business of selling alcoholic beverages, the sales of which are legal under the provisions of Chapter 1 of Title 67, Mississippi Code of 1972, there is hereby levied, assessed and shall be collected a tax equal to (i) six and one-half percent (6-1/2%) of the gross proceeds of the retail sales of the business through June 30, 2002, (ii) six and one-half percent (6-1/2%) of the gross proceeds of the retail sales of the business from and after July 1, 2002, through June 30, 2003, (iii) six and one-fourth percent (6-1/4%) of the gross proceeds of the retail sales of the business from and after July 1, 2003, through June 30, 2004, and (iv) six percent (6%) of the gross proceeds of the retail sales of the business from and after July 1, 2004. All sales at wholesale to retailers shall be taxed at the same rate as provided in this section for retail sales. A retailer in computing the tax on sales may take credit for the amount of the tax paid to the wholesaler at the rates provided herein and remit the difference to the commissioner, provided adequate records and all invoices are maintained to substantiate the credit claimed.

SECTION 7. Section 27-65-75, Mississippi Code of 1972, is amended as follows:

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

(1) On or before August 15, 1992, and each succeeding month thereafter through July 15, 1993, eighteen percent (18%) of the total sales tax revenue collected during the preceding month under the provisions of this chapter, except that collected under the provisions of Sections 27-65-15, 27-65-19(3) and 27-65-21, on business activities within a municipal corporation shall be allocated for distribution to such municipality and paid to such
municipal corporation. On or before August 15, 1993, and each succeeding month thereafter through July 15, 2001, eighteen and one-half percent (18-1/2%) of the total sales tax revenue collected during the preceding month under the provisions of this chapter, except that collected under the provisions of Sections 27-65-15, 27-65-19(3) and 27-65-21, on business activities within a municipal corporation shall be allocated for distribution to such municipality and paid to such municipal corporation. On or before August 15, 2001, and each month thereafter through July 15, 2002, nineteen and eighty-one one-thousandths percent (19.081%) of the total sales tax revenue collected during the preceding month under the provisions of this chapter, except that collected under the provisions of Sections 27-65-15, 27-65-19(3) and 27-65-21, on business activities within a municipal corporation shall be allocated for distribution to such municipality and paid to such municipal corporation. On or before August 15, 2002, and each month thereafter through July 15, 2003, nineteen and seven-tenths percent (19.7%) of the total sales tax revenue collected during the preceding month under the provisions of this chapter, except that collected under the provisions of Sections 27-65-15, 27-65-19(3) and 27-65-21, on business activities within a municipal corporation shall be allocated for distribution to such municipality and paid to such municipal corporation. On or before August 15, 2003, and each month thereafter through July 15, 2004, twenty and three hundred sixty-one one-thousandths percent (20.361%) of the total sales tax revenue collected during the preceding month under the provisions of this chapter, except that collected under the provisions of Sections 27-65-15, 27-65-19(3) and 27-65-21, on business activities within a municipal corporation shall be allocated for distribution to such municipality and paid to such municipal corporation. On or before August 15, 2004, and each month thereafter, twenty and six hundred eighty one-thousandths percent (20.680%) of the total sales tax revenue collected during the preceding month under the provisions of this chapter, except that collected under the provisions of Sections 27-65-15, 27-65-19(3) and 27-65-21, on business activities within a municipal corporation shall be allocated for distribution to such municipality and paid to such municipal corporation.
revenue collected during the preceding month under the provisions of this chapter, except that collected under the provisions of Sections 27-65-15, 27-65-19(3) and 27-65-21, on business activities within a municipal corporation shall be allocated for distribution to such municipality and paid to such municipal corporation.

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

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

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

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

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

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

(4) On or before August 15, 1994, and on or before the fifteenth day of each succeeding month through July 15, 1999, from the proceeds of gasoline, diesel fuel or kerosene taxes as provided in Section 27-5-101(a)(ii), Four Million Dollars ($4,000,000.00) shall be deposited in the State Treasury to the credit of a special fund designated as the "State Aid Road Fund," created by Section 65-9-17. On or before August 15, 1999, and on
or before the fifteenth day of each succeeding month, from the
total amount of the proceeds of gasoline, diesel fuel or kerosene
taxes apportioned by Section 27-5-101(a)(ii)\(^1\), Four Million
Dollars ($4,000,000.00) or an amount equal to twenty-three and
one-fourth percent (23.25%) of such funds, whichever is the
greater amount, shall be deposited in the State Treasury to the
credit of the "State Aid Road Fund," created by Section 65-9-17.
Such funds shall be pledged to pay the principal of and interest
on state aid road bonds heretofore issued under Sections 19-9-51
through 19-9-77, in lieu of and in substitution for the funds
heretofore allocated to counties under this section. Such funds
may not be pledged for the payment of any state aid road bonds
issued after April 1, 1981; however, this prohibition against the
pledging of any such funds for the payment of bonds shall not
apply to any bonds for which intent to issue such bonds has been
published, for the first time, as provided by law prior to March
29, 1981. From the amount of taxes paid into the special fund
pursuant to this subsection and subsection (9) of this section,
there shall be first deducted and paid the amount necessary to pay
the expenses of the Office of State Aid Road Construction, as
authorized by the Legislature for all other general and special
fund agencies. The remainder of the fund shall be allocated
monthly to the several counties in accordance with the following
formula:

(a) One-third (1/3) shall be allocated to all counties
in equal shares;
(b) One-third (1/3) shall be allocated to counties
based on the proportion that the total number of rural road miles
in a county bears to the total number of rural road miles in all
counties of the state; and
(c) One-third (1/3) shall be allocated to counties
based on the proportion that the rural population of the county
bears to the total rural population in all counties of the state, according to the latest federal decennial census.

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

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

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

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

(6) An amount each month beginning August 15, 1983, through November 15, 1986, as specified in Section 6 of Chapter 542, Laws of 1983, shall be paid into the special fund known as the Correctional Facilities Construction Fund created in Section 6 of Chapter 542, Laws of 1983.
(7) (a) On or before August 15, 1992, and each succeeding month thereafter through July 15, 2000, two and two hundred sixty-six one-thousandths percent (2.266%) of the total sales tax revenue collected during the preceding month under the provisions of this chapter, except that collected under the provisions of Section 27-65-17(2), shall be deposited by the commission into the School Ad Valorem Tax Reduction Fund created pursuant to Section 37-61-35.

(b) On or before August 15, 2000, and each succeeding month thereafter through July 15, 2001, two and two hundred sixty-six one-thousandths percent (2.266%) of the total sales tax revenue collected during the preceding month under the provisions of this chapter, except that collected under the provisions of Section 27-65-17(2), shall be deposited into the School Ad Valorem Tax Reduction Fund created under Section 37-61-35 until such time that the total amount deposited into the fund during a fiscal year equals Forty-two Million Dollars ($42,000,000.00). Thereafter, the amounts diverted under this subsection (7) during the fiscal year in excess of Forty-two Million Dollars ($42,000,000.00) shall be deposited into the Education Enhancement Fund created under Section 37-61-33 for appropriation by the Legislature as other education needs and shall not be subject to the percentage appropriation requirements set forth in Section 37-61-33.

(c) On or before August 15, 2001, and each succeeding month thereafter through July 15, 2002, two and three hundred thirty-seven one-thousandths percent (2.337%) of the total sales tax revenue collected during the preceding month under the provisions of this chapter, except that collected under the provisions of Section 27-65-17(2), shall be deposited by the commission into the School Ad Valorem Tax Reduction Fund created pursuant to Section 37-61-35 until such time that the total amount deposited into the fund during a fiscal year equals Forty-two Million Dollars ($42,000,000.00). Thereafter, the amounts deposited into the fund during a fiscal year equals Forty-two Million Dollars ($42,000,000.00). Thereafter, the amounts
diverted under this subsection (7) during the fiscal year in excess of Forty-two Million Dollars ($42,000,000.00) shall be deposited into the Education Enhancement Fund created under Section 37-61-33 for appropriation by the Legislature as other education needs and shall not be subject to the percentage appropriation requirements set forth in Section 37-61-33.

(d) On or before August 15, 2002, and each succeeding month thereafter through July 15, 2003, two and four hundred thirteen one-thousandths percent (2.413%) of the total sales tax revenue collected during the preceding month under the provisions of this chapter, except that collected under the provisions of Section 27-65-17(2), shall be deposited by the commission into the School Ad Valorem Tax Reduction Fund created pursuant to Section 37-61-35 until such time that the total amount deposited into the fund during a fiscal year equals Forty-two Million Dollars ($42,000,000.00). Thereafter, the amounts diverted under this subsection (7) during the fiscal year in excess of Forty-two Million Dollars ($42,000,000.00) shall be deposited into the Education Enhancement Fund created under Section 37-61-33 for appropriation by the Legislature as other education needs and shall not be subject to the percentage appropriation requirements set forth in Section 37-61-33.

(e) On or before August 15, 2003, and each succeeding month thereafter through July 15, 2004, two and four hundred ninety-four one-thousandths percent (2.494%) of the total sales tax revenue collected during the preceding month under the provisions of this chapter, except that collected under the provisions of Section 27-65-17(2), shall be deposited by the commission into the School Ad Valorem Tax Reduction Fund created pursuant to Section 37-61-35 until such time that the total amount deposited into the fund during a fiscal year equals Forty-two Million Dollars ($42,000,000.00). Thereafter, the amounts diverted under this subsection (7) during the fiscal year in excess of Forty-two Million Dollars ($42,000,000.00) shall be deposited into the Education Enhancement Fund created under Section 37-61-33 for appropriation by the Legislature as other education needs and shall not be subject to the percentage appropriation requirements set forth in Section 37-61-33.
excess of Forty-two Million Dollars ($42,000,000.00) shall be deposited into the Education Enhancement Fund created under Section 37-61-33 for appropriation by the Legislature as other education needs and shall not be subject to the percentage appropriation requirements set forth in Section 37-61-33.

(f) On or before August 15, 2004, and each succeeding month thereafter, two and five hundred eighty-one one-thousandths percent (2.581%) of the total sales tax revenue collected during the preceding month under the provisions of this chapter, except that collected under the provisions of Section 27-65-17(2), shall be deposited by the commission into the School Ad Valorem Tax Reduction Fund created pursuant to Section 37-61-35 until such time that the total amount deposited into the fund during a fiscal year equals Forty-two Million Dollars ($42,000,000.00).

Thereafter, the amounts diverted under this subsection (7) during the fiscal year in excess of Forty-two Million Dollars ($42,000,000.00) shall be deposited into the Education Enhancement Fund created under Section 37-61-33 for appropriation by the Legislature as other education needs and shall not be subject to the percentage appropriation requirements set forth in Section 37-61-33.

(8) (a) On or before August 15, 1992, and each succeeding month thereafter through July 15, 2001, nine and seventy-three one-thousandths percent (9.073%) of the total sales tax revenue collected during the preceding month under the provisions of this chapter, except that collected under the provisions of Section 27-65-17(2), shall be deposited into the Education Enhancement Fund created pursuant to Section 37-61-33.

(b) On or before August 15, 2001, and each succeeding month thereafter through July 15, 2002, nine and three hundred fifty-eight one-thousandths percent (9.358%) of the total sales tax revenue collected during the preceding month under the provisions of this chapter, except that collected under the
provisions of Section 27-65-17(2), shall be deposited into the
Education Enhancement Fund created pursuant to Section 37-61-33.

(c) On or before August 15, 2002, and each succeeding
month thereafter through July 15, 2003, nine and six hundred
sixty-two one-thousandths percent (9.662%) of the total sales tax
revenue collected during the preceding month under the provisions
of this chapter, except that collected under the provisions of
Section 27-65-17(2), shall be deposited into the Education
Enhancement Fund created pursuant to Section 37-61-33.

(d) On or before August 15, 2002, and each succeeding
month thereafter through July 15, 2003, nine and nine hundred
eighty-six one-thousandths percent (9.986%) of the total sales tax
revenue collected during the preceding month under the provisions
of this chapter, except that collected under the provisions of
Section 27-65-17(2), shall be deposited into the Education
Enhancement Fund created pursuant to Section 37-61-33.

(e) On or before August 15, 2003, and each succeeding
month thereafter, ten and three hundred thirty-three
one-thousandths percent (10.333%) of the total sales tax revenue
collected during the preceding month under the provisions of this
chapter, except that collected under the provisions of Section
27-65-17(2), shall be deposited into the Education Enhancement
Fund created pursuant to Section 37-61-33.

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

(10) On or before August 15, 1994, and each succeeding month
thereafter through August 15, 1995, from the revenue collected
under this chapter during the preceding month, Two Million Dollars
($2,000,000.00) shall be deposited into the Motor Vehicle Ad
Valorem Tax Reduction Fund established in Section 27-51-105.
(11) Notwithstanding any other provision of this section to the contrary, on or before February 15, 1995, and each succeeding month thereafter, the sales tax revenue collected during the preceding month under the provisions of Section 27-65-17(2) and the corresponding levy in Section 27-65-23 on the rental or lease of private carriers of passengers and light carriers of property as defined in Section 27-51-101 shall be deposited, without diversion, into the Motor Vehicle Ad Valorem Tax Reduction Fund established in Section 27-51-105.

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

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

(14) On or before August 15, 1998, and each succeeding month thereafter through July 15, 2005, that portion of the avails of the tax imposed in Section 27-65-23 which is derived from sales by cotton compresses or cotton warehouses and which would otherwise be paid into the General Fund, shall be deposited in an amount not to exceed Two Million Dollars ($2,000,000.00) into the special fund created pursuant to Section 69-37-39.
(15) Notwithstanding any other provision of this section to the contrary, on or before September 15, 2000, and each succeeding month thereafter, the sales tax revenue collected during the preceding month under the provisions of Section 27-65-19(f), shall be deposited, without diversion, into the Telecommunications Ad Valorem Tax Reduction Fund established in Section 27-38-7.

(16) On or before August 15, 2000, and each succeeding month thereafter, the sales tax revenue collected during the preceding month under the provisions of this chapter on the gross proceeds of sales of a project as defined in Section 57-30-1 shall be deposited, after all diversions except the diversion provided for in subsection (1) of this section, into the Sales Tax Incentive Fund created in Section 57-30-3.

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

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

SECTION 8. This act shall take effect and be in force from and after July 1, 2001.