

By: Representatives Broomfield, Bailey,
Burnett, Calhoun, Clarke, Coleman (29th),
Fredericks, Green, Harrison, Hines, Holloway,
Ishee, Masterson, Watson, Young

To: Ways and Means

HOUSE BILL NO. 1670

1 AN ACT TO AMEND SECTIONS 27-65-23 AND 27-65-231, MISSISSIPPI
2 CODE OF 1972, TO INCREASE THE RATE OF SALES TAX IMPOSED ON CERTAIN
3 RENTALS OF MOTOR VEHICLES; TO AMEND SECTION 27-65-75, MISSISSIPPI
4 CODE OF 1972, TO PROVIDE THAT THE REVENUE DERIVED FROM THE
5 ADDITIONAL TAX AUTHORIZED UNDER THIS ACT SHALL BE DEPOSITED INTO
6 THE STATE AND SCHOOL EMPLOYEES INSURANCE FUND; TO AMEND SECTION
7 25-15-15, MISSISSIPPI CODE OF 1972, IN CONFORMITY THERETO; AND FOR
8 RELATED PURPOSES.

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

10 **SECTION 1.** Section 27-65-23, Mississippi Code of 1972, is
11 amended as follows:

12 27-65-23. Upon every person engaging or continuing in any of
13 the following businesses or activities there is hereby levied,
14 assessed and shall be collected a tax equal to seven percent (7%)
15 of the gross income of the business, except as otherwise provided:

- 16 Air conditioning installation or repairs;
- 17 Automobile, aircraft, motorcycle, boat or any other
- 18 vehicle repairing or servicing;
- 19 Billiards, pool or domino parlors;
- 20 Bowling or tenpin alleys;
- 21 Burglar and fire alarm systems or services;
- 22 Car washing--automatic, self-service, or manual;
- 23 Computer software sales and services;
- 24 Cotton compresses or cotton warehouses;
- 25 Custom creosoting or treating, custom planning, custom
- 26 sawing;
- 27 Custom meat processing;
- 28 Electricians, electrical work, wiring, all repairs or
- 29 installation of electrical equipment;

30 Elevator or escalator installing, repairing or
31 servicing;
32 Film developing or photo finishing;
33 Foundries, machine or general repairing;
34 Furniture repairing or upholstering;
35 Grading, excavating, ditching, dredging or landscaping;
36 Hotels, motels, tourist courts or camps, trailer parks;
37 Insulating services or repairs;
38 Jewelry or watch repairing;
39 Laundering, cleaning, pressing or dyeing;
40 Marina services;
41 Mattress renovating;
42 Office and business machine repairing;
43 Parking garages and lots;
44 Plumbing or pipe fitting;
45 Public storage warehouses (There shall be no tax levied
46 on gross income of a public storage warehouse derived from the
47 temporary storage of tangible personal property in this state
48 pending shipping or mailing of the property to another state.);
49 Refrigerating equipment repairs;
50 Radio or television installing, repairing, or servicing;
51 Renting or leasing personal property used within this
52 state;
53 Services performed in connection with geophysical
54 surveying, exploring, developing, drilling, producing,
55 distributing, or testing of oil, gas, water and other mineral
56 resources;
57 Shoe repairing;
58 Storage lockers;
59 Telephone answering or paging services;
60 Termite or pest control services;
61 Tin and sheet metal shops;

62 TV cable systems, subscription TV services, and other
63 similar activities;

64 Vulcanizing, repairing or recapping of tires or tubes;
65 Welding; and

66 Woodworking or wood turning shops.

67 Income from services taxed herein performed for electric
68 power associations in the ordinary and necessary operation of
69 their generating or distribution systems shall be taxed at the
70 rate of one percent (1%).

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

76 Income from renting or leasing tangible personal property
77 used within this state shall be taxed at the same rates as sales
78 of the same property. However, from and after July 1, 2004,
79 income from renting or leasing of private carriers of passengers
80 and light carriers of property, as defined in Section 27-51-101,
81 which rentals or leases are subject to the tax levied under
82 Section 27-65-231, shall be taxed at the rate of six percent (6%).

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

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

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

98 When a taxpayer performs unitary services covered by this
99 section, which are performed both in intrastate and interstate
100 commerce, the commissioner is hereby invested with authority to
101 formulate in each particular case and to fix for such taxpayer in
102 each instance formulae of apportionment which will apportion to
103 this state, for taxation, that portion of the services which are
104 performed within the State of Mississippi.

105 **SECTION 2.** Section 27-65-231, Mississippi Code of 1972, is
106 amended as follows:

107 27-65-231. (1) In addition to the sales tax imposed in
108 Section 27-65-23, Mississippi Code of 1972, there is hereby levied
109 upon every person engaging or continuing in this state in the
110 business of renting motor vehicles under rental agreements with a
111 term of not more than thirty (30) continuous days each, a tax at
112 the rate of seven percent (7%) of the gross proceeds of such
113 business derived from the rental of motor vehicles, except that
114 motor vehicles with a gross vehicle weight exceeding ten thousand
115 (10,000) pounds shall be excluded from the measure of this tax.

116 (2) All administrative provisions of the Mississippi Sales
117 Tax Law, including those which fix damages, penalties and interest
118 for nonpayment of taxes, failure to file returns, and for other
119 noncompliance with the provisions of said chapter, and all other
120 requirements and duties imposed upon taxpayers, shall apply to all
121 persons liable for taxes under the provisions of this section, and
122 the commission shall exercise all the power and authority and
123 perform all the duties with respect to taxpayers under this
124 section as are provided in said Sales Tax Law, except that in
125 cases of conflict, then the provisions of this section shall
126 control.

127 (3) (a) Except as otherwise provided in this subsection
128 (3), on or before February 15 of each year, the proceeds of the
129 tax imposed by this section on business rental activities shall be
130 paid by the State Tax Commission to the county in which such
131 proceeds were collected. Within seven (7) days after receipt of
132 the tax proceeds, the county shall apportion and pay such tax
133 proceeds as follows: The situs of the rental transactions from
134 which tax proceeds were derived shall first be determined, and
135 then the tax proceeds collected at a situs shall be distributed
136 among the county, municipality and school district of the situs,
137 as appropriate, in the same proportion and in the same manner that
138 motor vehicle ad valorem taxes would be distributed among such
139 taxing districts (based on their respective millage rates) if
140 collected at the same time as the receipt of such proceeds and
141 paid by a motor vehicle owner located at the same address as the
142 situs of the rental transaction.

143 (b) On or before August 15, 2004, and each succeeding
144 month thereafter, the proceeds of the tax imposed under this
145 section which are derived from that portion of the tax rate that
146 exceeds six percent (6%) shall be deposited into the State and
147 School Employees Insurance Fund created under Section 25-15-15.

148 (4) The governing authorities of the counties,
149 municipalities and school districts may expend the proceeds of
150 such tax for any lawful purposes.

151 (5) The revenues received by counties and municipalities
152 under subsection (3) of this section shall be deposited in the
153 general fund of the counties and municipalities, and the revenues
154 received by the school districts shall be deposited in any fund
155 designated by the school district.

156 (6) The revenues received by counties, municipalities and
157 school districts under subsection (3) of this section shall be
158 included and considered as proceeds of ad valorem taxes for the

159 purposes of the growth limitation on ad valorem taxes under
160 Sections 27-39-321 and 27-39-305.

161 (7) The tax authorized herein shall be in addition to any
162 other tax authorized by law to be levied on the business
163 activities described in this section.

164 **SECTION 3.** Section 27-65-75, Mississippi Code of 1972, is
165 amended as follows:

166 27-65-75. On or before the fifteenth day of each month, the
167 revenue collected under the provisions of this chapter during the
168 preceding month shall be paid and distributed as follows:

169 (1) On or before August 15, 1992, and each succeeding month
170 thereafter through July 15, 1993, eighteen percent (18%) of the
171 total sales tax revenue collected during the preceding month under
172 the provisions of this chapter, except that collected under the
173 provisions of Sections 27-65-15, 27-65-19(3) and 27-65-21, on
174 business activities within a municipal corporation shall be
175 allocated for distribution to such municipality and paid to such
176 municipal corporation. On or before August 15, 1993, and each
177 succeeding month thereafter, eighteen and one-half percent
178 (18-1/2%) of the total sales tax revenue collected during the
179 preceding month under the provisions of this chapter, except that
180 collected under the provisions of Sections 27-65-15, 27-65-19(3)
181 and 27-65-21, on business activities within a municipal
182 corporation shall be allocated for distribution to such
183 municipality and paid to such municipal corporation.

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

187 Monies allocated for distribution and credited to a municipal
188 corporation under this subsection may be pledged as security for
189 any loan received by the municipal corporation for the purpose of
190 capital improvements as authorized under Section 57-1-303, or

191 loans as authorized under Section 57-44-7, or water systems
192 improvements as authorized under Section 41-3-16.

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

200 (2) On or before September 15, 1987, and each succeeding
201 month thereafter, from the revenue collected under this chapter
202 during the preceding month One Million One Hundred Twenty-five
203 Thousand Dollars (\$1,125,000.00) shall be allocated for
204 distribution to municipal corporations as defined under subsection
205 (1) of this section in the proportion that the number of gallons
206 of gasoline and diesel fuel sold by distributors to consumers and
207 retailers in each such municipality during the preceding fiscal
208 year bears to the total gallons of gasoline and diesel fuel sold
209 by distributors to consumers and retailers in municipalities
210 statewide during the preceding fiscal year. The State Tax
211 Commission shall require all distributors of gasoline and diesel
212 fuel to report to the commission monthly the total number of
213 gallons of gasoline and diesel fuel sold by them to consumers and
214 retailers in each municipality during the preceding month. The
215 State Tax Commission shall have the authority to promulgate such
216 rules and regulations as is necessary to determine the number of
217 gallons of gasoline and diesel fuel sold by distributors to
218 consumers and retailers in each municipality. In determining the
219 percentage allocation of funds under this subsection for the
220 fiscal year beginning July 1, 1987, and ending June 30, 1988, the
221 State Tax Commission may consider gallons of gasoline and diesel
222 fuel sold for a period of less than one (1) fiscal year. For the

223 purposes of this subsection, the term "fiscal year" means the
224 fiscal year beginning July 1 of a year.

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

237 (4) On or before August 15, 1994, and on or before the
238 fifteenth day of each succeeding month through July 15, 1999, from
239 the proceeds of gasoline, diesel fuel or kerosene taxes as
240 provided in Section 27-5-101(a)(ii)1, Four Million Dollars
241 (\$4,000,000.00) shall be deposited in the State Treasury to the
242 credit of a special fund designated as the "State Aid Road Fund,"
243 created by Section 65-9-17. On or before August 15, 1999, and on
244 or before the fifteenth day of each succeeding month, from the
245 total amount of the proceeds of gasoline, diesel fuel or kerosene
246 taxes apportioned by Section 27-5-101(a)(ii)1, Four Million
247 Dollars (\$4,000,000.00) or an amount equal to twenty-three and
248 one-fourth percent (23.25%) of such funds, whichever is the
249 greater amount, shall be deposited in the State Treasury to the
250 credit of the "State Aid Road Fund," created by Section 65-9-17.
251 Such funds shall be pledged to pay the principal of and interest
252 on state aid road bonds heretofore issued under Sections 19-9-51
253 through 19-9-77, in lieu of and in substitution for the funds
254 heretofore allocated to counties under this section. Such funds
255 may not be pledged for the payment of any state aid road bonds

256 issued after April 1, 1981; however, this prohibition against the
257 pledging of any such funds for the payment of bonds shall not
258 apply to any bonds for which intent to issue such bonds has been
259 published, for the first time, as provided by law prior to March
260 29, 1981. From the amount of taxes paid into the special fund
261 pursuant to this subsection and subsection (9) of this section,
262 there shall be first deducted and paid the amount necessary to pay
263 the expenses of the Office of State Aid Road Construction, as
264 authorized by the Legislature for all other general and special
265 fund agencies. The remainder of the fund shall be allocated
266 monthly to the several counties in accordance with the following
267 formula:

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

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

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

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

281 The amount of funds allocated to any county under this
282 subsection for any fiscal year after fiscal year 1994 shall not be
283 less than the amount allocated to such county for fiscal year
284 1994. Monies allocated to a county from the State Aid Road Fund
285 for fiscal year 1995 or any fiscal year thereafter that exceed the
286 amount of funds allocated to that county from the State Aid Road
287 Fund for fiscal year 1994, first must be expended by the county
288 for replacement or rehabilitation of bridges on the state aid road

289 system that have a sufficiency rating of less than twenty-five
290 (25), according to National Bridge Inspection standards before
291 such monies may be approved for expenditure by the State Aid Road
292 Engineer on other projects that qualify for the use of state aid
293 road funds.

294 Any reference in the general laws of this state or the
295 Mississippi Code of 1972 to Section 27-5-105 shall mean and be
296 construed to refer and apply to subsection (4) of Section
297 27-65-75.

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

304 (6) An amount each month beginning August 15, 1983, through
305 November 15, 1986, as specified in Section 6 of Chapter 542, Laws
306 of 1983, shall be paid into the special fund known as the
307 Correctional Facilities Construction Fund created in Section 6 of
308 Chapter 542, Laws of 1983.

309 (7) On or before August 15, 1992, and each succeeding month
310 thereafter through July 15, 2000, two and two hundred sixty-six
311 one-thousandths percent (2.266%) of the total sales tax revenue
312 collected during the preceding month under the provisions of this
313 chapter, except that collected under the provisions of Section
314 27-65-17(2) shall be deposited by the commission into the School
315 Ad Valorem Tax Reduction Fund created pursuant to Section
316 37-61-35. On or before August 15, 2000, and each succeeding month
317 thereafter, two and two hundred sixty-six one-thousandths percent
318 (2.266%) of the total sales tax revenue collected during the
319 preceding month under the provisions of this chapter, except that
320 collected under the provisions of Section 27-65-17(2), shall be
321 deposited into the School Ad Valorem Tax Reduction Fund created

322 under Section 37-61-35 until such time that the total amount
323 deposited into the fund during a fiscal year equals Forty-two
324 Million Dollars (\$42,000,000.00). Thereafter, the amounts
325 diverted under this subsection (7) during the fiscal year in
326 excess of Forty-two Million Dollars (\$42,000,000.00) shall be
327 deposited into the Education Enhancement Fund created under
328 Section 37-61-33 for appropriation by the Legislature as other
329 education needs and shall not be subject to the percentage
330 appropriation requirements set forth in Section 37-61-33.

331 (8) On or before August 15, 1992, and each succeeding month
332 thereafter, nine and seventy-three one-thousandths percent
333 (9.073%) of the total sales tax revenue collected during the
334 preceding month under the provisions of this chapter, except that
335 collected under the provisions of Section 27-65-17(2) shall be
336 deposited into the Education Enhancement Fund created pursuant to
337 Section 37-61-33.

338 (9) On or before August 15, 1994, and each succeeding month
339 thereafter, from the revenue collected under this chapter during
340 the preceding month, Two Hundred Fifty Thousand Dollars
341 (\$250,000.00) shall be paid into the State Aid Road Fund.

342 (10) On or before August 15, 1994, and each succeeding month
343 thereafter through August 15, 1995, from the revenue collected
344 under this chapter during the preceding month, Two Million Dollars
345 (\$2,000,000.00) shall be deposited into the Motor Vehicle Ad
346 Valorem Tax Reduction Fund established in Section 27-51-105.

347 (11) Notwithstanding any other provision of this section to
348 the contrary, except as otherwise provided in this subsection
349 (11), on or before February 15, 1995, and each succeeding month
350 thereafter, the sales tax revenue collected during the preceding
351 month under the provisions of Section 27-65-17(2) and the
352 corresponding levy in Section 27-65-23 on the rental or lease of
353 private carriers of passengers and light carriers of property as
354 defined in Section 27-51-101 shall be deposited, without

355 diversion, into the Motor Vehicle Ad Valorem Tax Reduction Fund
356 established in Section 27-51-105. However, on or before August
357 15, 2004, and each succeeding month thereafter, the revenue
358 collected during the preceding month under the provisions of
359 Section 27-65-23 on the rental or lease of private carriers of
360 passengers and light carriers of property, as defined in Section
361 27-51-101, which rentals or leases are subject to the tax levied
362 under Section 27-65-231 and which revenue is derived from the
363 additional tax rate of one percent (1%) imposed under House Bill
364 No. _____, 2004 Regular Session, shall be deposited, without
365 diversion, into the State and School Employees Insurance Fund
366 created under Section 25-15-15.

367 (12) Notwithstanding any other provision of this section to
368 the contrary, on or before August 15, 1995, and each succeeding
369 month thereafter, the sales tax revenue collected during the
370 preceding month under the provisions of Section 27-65-17(1) on
371 retail sales of private carriers of passengers and light carriers
372 of property, as defined in Section 27-51-101 and the corresponding
373 levy in Section 27-65-23 on the rental or lease of these vehicles,
374 shall be deposited, after diversion, into the Motor Vehicle Ad
375 Valorem Tax Reduction Fund established in Section 27-51-105.
376 However, on or before August 15, 2004, and each succeeding month
377 thereafter, the revenue collected during the preceding month under
378 the provisions of Section 27-65-23 on the rental or lease of
379 private carriers of passengers and light carriers of property, as
380 defined in Section 27-51-101, which rentals or leases are subject
381 to the tax levied under Section 27-65-231 and which revenue is
382 derived from the additional tax rate of one percent (1%) imposed
383 under House Bill No. _____, 2004 Regular Session, shall be
384 deposited, without diversion, into the State and School Employees
385 Insurance Fund created under Section 25-15-15.

386 (13) On or before July 15, 1994, and on or before the
387 fifteenth day of each succeeding month thereafter, that portion of

388 the avails of the tax imposed in Section 27-65-22, which is
389 derived from activities held on the Mississippi state fairgrounds
390 complex, shall be paid into a special fund hereby created in the
391 State Treasury and shall be expended pursuant to legislative
392 appropriations solely to defray the costs of repairs and
393 renovation at such Trade Mart and Coliseum.

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

401 (15) Notwithstanding any other provision of this section to
402 the contrary, on or before September 15, 2000, and each succeeding
403 month thereafter, the sales tax revenue collected during the
404 preceding month under the provisions of Section 27-65-19(1)(f) and
405 (g)(i)2, shall be deposited, without diversion, into the
406 Telecommunications Ad Valorem Tax Reduction Fund established in
407 Section 27-38-7.

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

415 (17) Notwithstanding any other provision of this section to
416 the contrary, on or before April 15, 2002, and each succeeding
417 month thereafter, the sales tax revenue collected during the
418 preceding month under Section 27-65-23 on sales of parking
419 services of parking garages and lots at airports shall be

420 deposited, without diversion, into the special fund created
421 pursuant to Section 27-5-101(d).

422 (18) On or before August 15, 2004, and each succeeding month
423 thereafter through July 15, 2005, from the sales tax revenue
424 collected during the preceding month under the provisions of this
425 chapter, Two Million Five Hundred Thousand Dollars (\$2,500,000.00)
426 shall be deposited into the Special Funds Transfer Fund created in
427 House Bill No. 1036, 2003 Regular Session.

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

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

444 **SECTION 4.** Section 25-15-15, Mississippi Code of 1972, is
445 amended as follows:

446 **[Through June 30 of the year in which Section 25-11-143**
447 **becomes effective as provided in subsection (1) of Section**
448 **25-11-143, this section shall read as follows:]**

449 25-15-15. (1) The board is authorized to determine the
450 manner in which premiums and contributions by the state agencies,
451 local school districts, colleges, universities, community/junior
452 colleges and public libraries shall be collected to provide the

453 self-insured health insurance program for employees as provided
454 under this article. The state shall provide fifty percent (50%)
455 of the cost of the above life insurance plan and one hundred
456 percent (100%) of the cost of the above health insurance plan for
457 all active full-time employees, and the employees shall be given
458 the opportunity to purchase coverage for their eligible dependents
459 with the premiums for such dependent coverage as well as the
460 employee's fifty percent (50%) share for his life insurance
461 coverage to be deductible from the employee's salary by the
462 agency, department or institution head, which deductions, together
463 with the fifty percent (50%) share of such life insurance premiums
464 of such employing agency, department or institution head from
465 funds appropriated to or authorized to be expended by such
466 employing agency, department or institution head, shall be
467 deposited directly into a depository bank or special fund in the
468 State Treasury, as determined by the board. These funds and
469 interest earned on these funds may be used for the disbursement of
470 claims and shall be exempt from the appropriation process.

471 (2) The state shall provide annually, by line item in the
472 Mississippi Library Commission appropriation bill, such funds to
473 pay one hundred percent (100%) of the cost of health insurance
474 under the State and School Employees Health Insurance Plan for all
475 full-time library staff members in each public library in
476 Mississippi. The commission shall allot to each public library a
477 sufficient amount of those funds appropriated to pay the costs of
478 insurance for eligible employees. Any funds so appropriated by
479 line item which are not expended during the fiscal year for which
480 such funds were appropriated shall be carried forward for the same
481 purposes during the next succeeding fiscal year. If any premiums
482 for the health insurance and/or late charges and interest
483 penalties are not paid by a public library in a timely manner, as
484 defined by the board, the Mississippi Library Commission, upon

485 notice by the board, shall immediately withhold all subsequent
486 disbursements of funds to that public library.

487 (3) The state shall annually provide one hundred percent
488 (100%) of the cost of the health insurance plan for all public
489 school district employees who work no less than twenty (20) hours
490 during each week and regular nonstudent school bus drivers. Where
491 federal funding is allowable to defray, in full or in part, the
492 cost of participation in the program by district employees who
493 work no less than twenty (20) hours during the week and regular
494 nonstudent bus drivers, whose salaries are paid, in full or in
495 part, by federal funds, the allowance under this section shall be
496 reduced to the extent of such federal funding. Where the use of
497 federal funds is allowable but not available, it is the intent of
498 the Legislature that school districts contribute the cost of
499 participation for such employees from local funds, except that
500 parent fees for child nutrition programs shall not be increased to
501 cover such cost.

502 (4) The state shall provide annually, by line item in the
503 community/junior college appropriation bill, such funds to pay one
504 hundred percent (100%) of the cost of the health insurance plan
505 for all community/junior college district employees who work no
506 less than twenty (20) hours during each week.

507 (5) When the use of federal funding is allowable to defray,
508 in full or in part, the cost of participation in the insurance
509 plan by community/junior college district employees who work no
510 less than twenty (20) hours during each week, whose salaries are
511 paid, in full or in part, by federal funds, the allowance under
512 this section shall be reduced to the extent of the federal
513 funding. Where the use of federal funds is allowable but not
514 available, it is the intent of the Legislature that
515 community/junior college districts contribute the cost of
516 participation for such employees from local funds.

517 (6) Any community/junior college district may contribute to
518 the cost of coverage for any district employee from local
519 community/junior college district funds, and any public school
520 district may contribute to the cost of coverage for any district
521 employee from nonminimum program funds. Any part of the cost of
522 such coverage for participating employees of public school
523 districts and public community/junior college districts that is
524 not paid by the state shall be paid by the participating
525 employees, which shall be deducted from the salaries of the
526 employees in a manner determined by the board.

527 (7) Any funds appropriated for the cost of insurance by line
528 item in the community/junior colleges appropriation bill which are
529 not expended during the fiscal year for which such funds were
530 appropriated shall be carried forward for the same purposes during
531 the next succeeding fiscal year.

532 (8) The board may establish and enforce late charges and
533 interest penalties or other penalties for the purpose of requiring
534 the prompt payment of all premiums for life and health insurance
535 permitted under Chapter 15 of Title 25. All funds in excess of
536 the amount needed for disbursement of claims shall be deposited in
537 a special fund in the State Treasury to be known as the State and
538 School Employees Insurance Fund. Monies required to be deposited
539 into the State and School Employees Insurance Fund under Sections
540 27-65-75 and 27-65-231 also shall be deposited into the fund. The
541 State Treasurer shall invest all funds in the State and School
542 Employees Insurance Fund and all interest earned shall be credited
543 to the State and School Employees Insurance Fund. Such funds
544 shall be placed with one or more depositories of the state and
545 invested on the first day such funds are available for investment
546 in certificates of deposit, repurchase agreements or in United
547 States Treasury bills or as otherwise authorized by law for the
548 investment of Public Employees' Retirement System funds, as long
549 as such investment is made from competitive offering and at the

550 highest and best market rate obtainable consistent with any
551 available investment alternatives; however, such investments shall
552 not be made in shares of stock, common or preferred, or in any
553 other investments which would mature more than one (1) year from
554 the date of investment. The board shall have the authority to
555 draw from this fund periodically such funds as are necessary to
556 operate the self-insurance plan or to pay to the insurance carrier
557 the cost of operation of this plan, it being the purpose to limit
558 the amount of participation by the state to fifty percent (50%) of
559 the cost of the life insurance program and not to limit the
560 contracting for additional benefits where the cost will be paid in
561 full by the employee. The state shall not share in the cost of
562 coverage for retired employees.

563 (9) The board shall also provide for the creation of an
564 Insurance Reserve Fund and funds therein shall be invested by the
565 State Treasurer with all interest earned credited to the State and
566 School Employees Insurance Fund.

567 (10) Any retired employee electing to purchase retired life
568 and health insurance will have the full cost of such insurance
569 deducted monthly from his State of Mississippi retirement plan
570 check or direct billed for the cost of the premium if the
571 retirement check is insufficient to pay for the premium. If the
572 board determines actuarially that the premium paid by the
573 participating retirees adversely affects the overall cost of the
574 plan to the state, then the department may impose a premium
575 surcharge, not to exceed fifteen percent (15%), upon such
576 participating retired employees who are under the age for Medicare
577 eligibility.

578 **[From and after July 1 of the year in which Section 25-11-143**
579 **becomes effective as provided in subsection (1) of Section**
580 **25-11-143, this section shall read as follows:]**

581 25-15-15. (1) The board may determine the manner in which
582 premiums and contributions by the state agencies, local school

583 districts, colleges, universities, community/junior colleges and
584 public libraries will be collected to provide the self-insured
585 health insurance program for employees as provided under this
586 article. The state shall provide fifty percent (50%) of the cost
587 of the above life insurance plan and one hundred percent (100%) of
588 the cost of the above health insurance plan for all active
589 full-time employees. The employees shall be given the opportunity
590 to purchase coverage for their eligible dependents with the
591 premiums for the dependent coverage, as well as the employee's
592 fifty percent (50%) share for his life insurance coverage, to be
593 deductible from the employee's salary by the agency, department or
594 institution head. Those deductions, together with the fifty
595 percent (50%) share of the life insurance premiums of the
596 employing agency, department or institution head from funds
597 appropriated to or authorized to be expended by the employing
598 agency, department or institution head, shall be deposited
599 directly into a depository bank or special fund in the State
600 Treasury, as determined by the board. These funds and interest
601 earned on these funds may be used for the disbursement of claims
602 and shall be exempt from the appropriation process.

603 (2) The state shall provide annually, by line item in the
604 Mississippi Library Commission appropriation bill, the funds to
605 pay one hundred percent (100%) of the cost of health insurance
606 under the State and School Employees Health Insurance Plan for all
607 full-time library staff members in each public library in
608 Mississippi. The commission shall allot to each public library a
609 sufficient amount of those funds appropriated to pay the costs of
610 insurance for eligible employees. Any funds so appropriated by
611 line item that are not expended during the fiscal year for which
612 the funds were appropriated shall be carried forward for the same
613 purposes during the next succeeding fiscal year. If any premiums
614 for the health insurance and/or late charges and interest
615 penalties are not paid by a public library in a timely manner, as

616 defined by the board, the Mississippi Library Commission, upon
617 notice by the board, shall immediately withhold all subsequent
618 disbursements of funds to that public library.

619 (3) The state shall annually provide one hundred percent
620 (100%) of the cost of the health insurance plan for all public
621 school district employees who work no less than twenty (20) hours
622 during each week and regular nonstudent school bus drivers. Where
623 federal funding is allowable to defray, in full or in part, the
624 cost of participation in the program by district employees who
625 work no less than twenty (20) hours during the week and regular
626 nonstudent bus drivers, whose salaries are paid, in full or in
627 part, by federal funds, the allowance under this section shall be
628 reduced to the extent of that federal funding. Where the use of
629 federal funds is allowable but not available, it is the intent of
630 the Legislature that school districts contribute the cost of
631 participation for the employees from local funds, except that
632 parent fees for child nutrition programs shall not be increased to
633 cover that cost.

634 (4) The state shall provide annually, by line item in the
635 community/junior college appropriation bill, the funds to pay one
636 hundred percent (100%) of the cost of the health insurance plan
637 for all community/junior college district employees who work no
638 less than twenty (20) hours during each week.

639 (5) When the use of federal funding is allowable to defray,
640 in full or in part, the cost of participation in the insurance
641 plan by community/junior college district employees who work no
642 less than twenty (20) hours during each week, whose salaries are
643 paid, in full or in part, by federal funds, the allowance under
644 this section shall be reduced to the extent of the federal
645 funding. Where the use of federal funds is allowable but not
646 available, it is the intent of the Legislature that
647 community/junior college districts contribute the cost of
648 participation for the employees from local funds.

649 (6) Any community/junior college district may contribute to
650 the cost of coverage for any district employee from local
651 community/junior college district funds, and any public school
652 district may contribute to the cost of coverage for any district
653 employee from nonminimum program funds. Any part of the cost of
654 the coverage for participating employees of public school
655 districts and public community/junior college districts that is
656 not paid by the state shall be paid by the participating
657 employees, which shall be deducted from the salaries of the
658 employees in a manner determined by the board.

659 (7) Any funds appropriated for the cost of insurance by line
660 item in the community/junior colleges appropriation bill that are
661 not expended during the fiscal year for which the funds were
662 appropriated shall be carried forward for the same purposes during
663 the next succeeding fiscal year.

664 (8) The board may establish and enforce late charges and
665 interest penalties or other penalties for the purpose of requiring
666 the prompt payment of all premiums for life and health insurance
667 permitted under Chapter 15 of Title 25. All funds in excess of
668 the amount needed for disbursement of claims shall be deposited in
669 a special fund in the State Treasury to be known as the State and
670 School Employees Insurance Fund. Monies required to be deposited
671 into the State and School Employees Insurance Fund under Sections
672 27-65-75 and 27-65-231 also shall be deposited into the fund. The
673 State Treasurer shall invest all funds in the State and School
674 Employees Insurance Fund and all interest earned shall be credited
675 to the State and School Employees Insurance Fund. Those funds
676 shall be placed with one or more depositories of the state and
677 invested on the first day that the funds are available for
678 investment in certificates of deposit, repurchase agreements or in
679 United States Treasury bills or as otherwise authorized by law for
680 the investment of Public Employees' Retirement System funds, as
681 long as the investment is made from competitive offering and at

682 the highest and best market rate obtainable consistent with any
683 available investment alternatives. However, those investments
684 shall not be made in shares of stock, common or preferred, or in
685 any other investments that would mature more than one (1) year
686 from the date of investment. The board shall have the authority
687 to draw from this fund periodically such funds as are necessary to
688 operate the self-insurance plan or to pay to the insurance carrier
689 the cost of operation of this plan, it being the purpose to limit
690 the amount of participation by the state to fifty percent (50%) of
691 the cost of the life insurance program and not to limit the
692 contracting for additional benefits where the cost will be paid in
693 full by the employee.

694 (9) The board shall also provide for the creation of an
695 Insurance Reserve Fund, and funds in the reserve fund shall be
696 invested by the State Treasurer with all interest earned credited
697 to the State and School Employees Insurance Fund.

698 **SECTION 5.** This act shall take effect and be in force from
699 and after July 1, 2004.