

By: Representatives Formby, Barnett, Beckett, Carlton, Chism, Davis, Denny, Ellington, Fillingane, Gregory, Guice, Moore, Smith (39th), Snowden, Staples, Upshaw, Wells-Smith

To: Ways and Means

HOUSE BILL NO. 1608

1 AN ACT TO IMPOSE A SEPARATE SALES TAX LEVY ON RETAIL SALES OF
2 FOOD FOR HUMAN CONSUMPTION NOT PURCHASED WITH FOOD STAMPS BUT
3 WHICH WOULD BE EXEMPT FROM SALES TAX IF SUCH FOOD WERE PURCHASED
4 WITH FOOD STAMPS AND TO PHASE OUT THE SALES TAX ON RETAIL SALES OF
5 SUCH FOOD; TO AMEND SECTIONS 27-65-17 AND 27-65-111, MISSISSIPPI
6 CODE OF 1972, IN CONFORMITY THERETO; TO AMEND SECTION 27-65-75,
7 MISSISSIPPI CODE OF 1972, TO INCREASE THE PERCENTAGE OF SALES TAX
8 REVENUE COLLECTED ON BUSINESS ACTIVITIES WITHIN MUNICIPALITIES
9 THAT IS ALLOCATED FOR DISTRIBUTION TO AND PAID TO MUNICIPALITIES;
10 AND FOR RELATED PURPOSES.

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

12 **SECTION 1.** The following provision shall be codified as

13 Section 27-65-26, Mississippi Code of 1972:

14 27-65-26. (1) From and after July 1, 2006, through June 30,
15 2007, retail sales of food for human consumption not purchased
16 with food stamps issued by the United States Department of
17 Agriculture, or other federal agency, but which would be exempt
18 under paragraph (o) of Section 27-65-111 from the taxes imposed by
19 this chapter if the food items were purchased with food stamps,
20 shall be taxed at the rate of four and one-half percent (4-1/2%).

21 (2) From and after July 1, 2007, through June 30, 2008,
22 retail sales of food for human consumption not purchased with food
23 stamps issued by the United States Department of Agriculture, or
24 other federal agency, but which would be exempt under paragraph
25 (o) of Section 27-65-111 from the taxes imposed by this chapter if
26 the food items were purchased with food stamps, shall be taxed at
27 the rate of three and one-half percent (3-1/2%).

28 (3) From and after July 1, 2008, through June 30, 2009,
29 retail sales of food for human consumption not purchased with food
30 stamps issued by the United States Department of Agriculture, or
31 other federal agency, but which would be exempt under paragraph

32 (o) of Section 27-65-111 from the taxes imposed by this chapter if
33 the food items were purchased with food stamps, shall be taxed at
34 the rate of Three percent (3%).

35 (4) From and after July 1, 2009, through June 30, 2010,
36 retail sales of food for human consumption not purchased with food
37 stamps issued by the United States Department of Agriculture, or
38 other federal agency, but which would be exempt under paragraph
39 (o) of Section 27-65-111 from the taxes imposed by this chapter if
40 the food items were purchased with food stamps, shall be taxed at
41 the rate of two and one-half percent (2-1/2%).

42 (5) From and after July 1, 2010, through June 30, 2011,
43 retail sales of food for human consumption not purchased with food
44 stamps issued by the United States Department of Agriculture, or
45 other federal agency, but which would be exempt under paragraph
46 (o) of Section 27-65-111 from the taxes imposed by this chapter if
47 the food items were purchased with food stamps, shall be taxed at
48 the rate of two percent (2%).

49 (6) From and after July 1, 2011, through June 30, 2012,
50 retail sales of food for human consumption not purchased with food
51 stamps issued by the United States Department of Agriculture, or
52 other federal agency, but which would be exempt under paragraph
53 (o) of Section 27-65-111 from the taxes imposed by this chapter if
54 the food items were purchased with food stamps, shall be taxed at
55 the rate of one and one-half percent (1-1/2%).

56 (7) From and after July 1, 2012, through June 30, 2013,
57 retail sales of food for human consumption not purchased with food
58 stamps issued by the United States Department of Agriculture, or
59 other federal agency, but which would be exempt under paragraph
60 (o) of Section 27-65-111 from the taxes imposed by this chapter if
61 the food items were purchased with food stamps, shall be taxed at
62 the rate of one percent (1%).

63 (8) From and after July 1, 2013, through June 30, 2014,
64 retail sales of food for human consumption not purchased with food

65 stamps issued by the United States Department of Agriculture, or
66 other federal agency, but which would be exempt under paragraph
67 (o) of Section 27-65-111 from the taxes imposed by this chapter if
68 the food items were purchased with food stamps, shall be taxed at
69 the rate of one-half percent (1/2%).

70 (9) This section shall stand repealed from and after July 1,
71 2014.

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

74 27-65-17. (1) (a) Except as otherwise provided in this
75 section, upon every person engaging or continuing within this
76 state in the business of selling any tangible personal property
77 whatsoever there is hereby levied, assessed and shall be collected
78 a tax equal to seven percent (7%) of the gross proceeds of the
79 retail sales of the business.

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

83 (c) Retail sales of farm implements sold to farmers and
84 used directly in the production of poultry, ratite, domesticated
85 fish as defined in Section 69-7-501, livestock, livestock
86 products, agricultural crops or ornamental plant crops or used for
87 other agricultural purposes shall be taxed at the rate of three
88 percent (3%) when used on the farm. The three percent (3%) rate
89 shall also apply to all equipment used in logging, pulpwood
90 operations or tree farming which is either:

91 (i) Self-propelled, or

92 (ii) Mounted so that it is permanently attached to
93 other equipment which is self-propelled or permanently attached to
94 other equipment drawn by a vehicle which is self-propelled.

95 (d) Except as otherwise provided in subsection (3) of
96 this section, retail sales of aircraft, automobiles, trucks,

97 truck-tractors, semitrailers and mobile homes shall be taxed at
98 the rate of three percent (3%).

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

105 (f) Sales of machinery and machine parts when made to a
106 technology intensive enterprise for plant use only when the
107 machinery and machine parts will be used exclusively and directly
108 within this state for industrial purposes, including, but not
109 limited to, manufacturing or research and development activities,
110 shall be taxed at the rate of one and one-half percent (1-1/2%).
111 In order to be considered a technology intensive enterprise for
112 purposes of this paragraph:

113 (i) The enterprise shall meet minimum criteria
114 established by the Mississippi Development Authority;

115 (ii) The enterprise shall employ at least ten (10)
116 persons in full-time jobs;

117 (iii) At least ten percent (10%) of the workforce
118 in the facility operated by the enterprise shall be scientists,
119 engineers or computer specialists;

120 (iv) The enterprise shall manufacture plastics,
121 chemicals, automobiles, aircraft, computers or electronics; or
122 shall be a research and development facility, a computer design or
123 related facility, or a software publishing facility or other
124 technology intensive facility or enterprise as determined by the
125 Mississippi Development Authority;

126 (v) The average wage of all workers employed by
127 the enterprise at the facility shall be at least one hundred fifty
128 percent (150%) of the state average annual wage; and

129 (vi) The enterprise must provide a basic health
130 care plan to all employees at the facility.

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

135 (h) Sales of tangible personal property to electric
136 power associations for use in the ordinary and necessary operation
137 of their generating or distribution systems shall be taxed at the
138 rate of one percent (1%).

139 (i) Wholesale sales of beer shall be taxed at the rate
140 of seven percent (7%), and the retailer shall file a return and
141 compute the retail tax on retail sales but may take credit for the
142 amount of the tax paid to the wholesaler on said return covering
143 the subsequent sales of same property, provided adequate invoices
144 and records are maintained to substantiate the credit.

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

150 (k) Sales of equipment used or designed for the purpose
151 of assisting disabled persons, such as wheelchair equipment and
152 lifts, that is mounted or attached to or installed on a private
153 carrier of passengers or light carrier of property, as defined in
154 Section 27-51-101, at the time when the private carrier of
155 passengers or light carrier of property is sold shall be taxed at
156 the same rate as the sale of such vehicles under this section.

157 (1) From and after July 1, 2006, through June 30, 2014,
158 retail sales of food for human consumption not purchased with food
159 stamps issued by the United States Department of Agriculture, or
160 other federal agency, but which would be exempt under paragraph
161 (o) of Section 27-65-111 from the taxes imposed by this chapter if

162 the food items were purchased with food stamps, shall be taxed as
163 provided for in Section 27-65-26.

164 (2) From and after January 1, 1995, retail sales of private
165 carriers of passengers and light carriers of property, as defined
166 in Section 27-51-101, shall be taxed an additional two percent
167 (2%).

168 (3) In lieu of the tax levied in subsection (1) of this
169 section, there is levied on retail sales of truck-tractors and
170 semitrailers used in interstate commerce and registered under the
171 International Registration Plan (IRP) or any similar reciprocity
172 agreement or compact relating to the proportional registration of
173 commercial vehicles entered into as provided for in Section
174 27-19-143, a tax at the rate of three percent (3%) of the portion
175 of the sale that is attributable to the usage of such
176 truck-tractor or semitrailer in Mississippi. The portion of the
177 retail sale that is attributable to the usage of such
178 truck-tractor or semitrailer in Mississippi is the retail sales
179 price of the truck-tractor or semitrailer multiplied by the
180 percentage of the total miles traveled by the vehicle that are
181 traveled in Mississippi. The tax levied pursuant to this
182 subsection (3) shall be collected by the State Tax Commission from
183 the purchaser of such truck-tractor or semitrailer at the time of
184 registration of such truck-tractor or semitrailer.

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

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

192 **SECTION 3.** Section 27-65-111, Mississippi Code of 1972, is
193 amended as follows:

194 27-65-111. The exemptions from the provisions of this
195 chapter which are not industrial, agricultural or governmental, or
196 which do not relate to utilities or taxes, or which are not
197 properly classified as one of the exemption classifications of
198 this chapter, shall be confined to persons or property exempted by
199 this section or by the Constitution of the United States or the
200 State of Mississippi. No exemptions as now provided by any other
201 section, except the classified exemption sections of this chapter
202 set forth herein, shall be valid as against the tax herein levied.
203 Any subsequent exemption from the tax levied hereunder, except as
204 indicated above, shall be provided by amendments to this section.

205 No exemption provided in this section shall apply to taxes
206 levied by Section 27-65-15 or 27-65-21, Mississippi Code of 1972.

207 The tax levied by this chapter shall not apply to the
208 following:

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

214 Only sales of tangible personal property or services which
215 are ordinary and necessary to the operation of such hospitals and
216 infirmaries are exempted from tax.

217 (b) Sales of daily or weekly newspapers, and
218 periodicals or publications of scientific, literary or educational
219 organizations exempt from federal income taxation under Section
220 501(c)(3) of the Internal Revenue Code of 1954, as it exists as of
221 March 31, 1975, and subscription sales of all magazines.

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

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

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

230 (f) Sales of tangible personal property, labor or
231 services taxable under Sections 27-65-17, 27-65-19 and 27-65-23,
232 to a YMCA, YWCA, a Boys' or Girls' Club owned and operated by a
233 corporation or association in which no part of the net earnings
234 inures to the benefit of any private shareholder, group or
235 individual.

236 (g) Sales to elementary and secondary grade schools,
237 junior and senior colleges owned and operated by a corporation or
238 association in which no part of the net earnings inures to the
239 benefit of any private shareholder, group or individual, and which
240 are exempt from state income taxation, provided that this
241 exemption does not apply to sales of property or services which
242 are not to be used in the ordinary operation of the school, or
243 which are to be resold to the students or the public.

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

246 (i) Prescribed for the treatment of a human being
247 by a person authorized to prescribe the medicines, and dispensed
248 or prescription filled by a registered pharmacist in accordance
249 with law; or

250 (ii) Furnished by a licensed physician, surgeon,
251 dentist or podiatrist to his own patient for treatment of the
252 patient; or

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

256 (iv) Sold to a licensed physician, surgeon,
257 podiatrist, dentist or hospital for the treatment of a human
258 being; or

259 (v) Sold to this state or any political
260 subdivision or municipal corporation thereof, for use in the
261 treatment of a human being or furnished for the treatment of a
262 human being by a medical facility or clinic maintained by this
263 state or any political subdivision or municipal corporation
264 thereof.

265 "Medicines," as used in this paragraph (h), shall mean and
266 include any substance or preparation intended for use by external
267 or internal application to the human body in the diagnosis, cure,
268 mitigation, treatment or prevention of disease and which is
269 commonly recognized as a substance or preparation intended for
270 such use; provided that "medicines" do not include any auditory,
271 prosthetic, ophthalmic or ocular device or appliance, any dentures
272 or parts thereof or any artificial limbs or their replacement
273 parts, articles which are in the nature of splints, bandages,
274 pads, compresses, supports, dressings, instruments, apparatus,
275 contrivances, appliances, devices or other mechanical, electronic,
276 optical or physical equipment or article or the component parts
277 and accessories thereof, or any alcoholic beverage or any other
278 drug or medicine not commonly referred to as a prescription drug.

279 Notwithstanding the preceding sentence of this paragraph (h),
280 "medicines" as used in this paragraph (h), shall mean and include
281 sutures, whether or not permanently implanted, bone screws, bone
282 pins, pacemakers and other articles permanently implanted in the
283 human body to assist the functioning of any natural organ, artery,
284 vein or limb and which remain or dissolve in the body.

285 "Hospital," as used in this paragraph (h), shall have the
286 meaning ascribed to it in Section 41-9-3, Mississippi Code of
287 1972.

288 Insulin furnished by a registered pharmacist to a person for
289 treatment of diabetes as directed by a physician shall be deemed
290 to be dispensed on prescription within the meaning of this
291 paragraph (h).

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

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

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

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

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

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

309 (o) Retail sales of food for human consumption
310 purchased with food stamps issued by the United States Department
311 of Agriculture, or other federal agency, from and after October 1,
312 1987, or from and after the expiration of any waiver granted
313 pursuant to federal law, the effect of which waiver is to permit
314 the collection by the state of tax on such retail sales of food
315 for human consumption purchased with food stamps.

316 (p) Sales of cookies for human consumption by the Girl
317 Scouts of America no part of the net earnings from which sales
318 inures to the benefit of any private group or individual.

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

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

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

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

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

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

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

338 (x) The gross collections from the operation of
339 self-service, coin-operated car washing equipment and sales of the
340 service of washing motor vehicles with portable high-pressure
341 washing equipment on the premises of the customer.

342 (y) Sales of tangible personal property or services to
343 the Mississippi Technology Alliance.

344 (z) From and after July 1, 2014, retail sales of food
345 for human consumption not purchased with food stamps issued by the
346 United States Department of Agriculture, or other federal agency,
347 but which would be exempt under paragraph (o) of this section from
348 the taxes imposed by this chapter if the food items were purchased
349 with food stamps.

350 **SECTION 4.** Section 27-65-75, Mississippi Code of 1972, is
351 amended as follows:

352 27-65-75. On or before the fifteenth day of each month, the
353 revenue collected under the provisions of this chapter during the
354 preceding month shall be paid and distributed as follows:

355 (1) On or before August 15, 1992, and each succeeding month
356 thereafter through July 15, 1993, eighteen percent (18%) of the
357 total sales tax revenue collected during the preceding month under

358 the provisions of this chapter, except that collected under the
359 provisions of Sections 27-65-15, 27-65-19(3) and 27-65-21, on
360 business activities within a municipal corporation shall be
361 allocated for distribution to the municipality and paid to the
362 municipal corporation. On or before August 15, 1993, and each
363 succeeding month thereafter through July 15, 2006, eighteen and
364 one-half percent (18-1/2%) of the total sales tax revenue
365 collected during the preceding month under the provisions of this
366 chapter, except that collected under the provisions of Sections
367 27-65-15, 27-65-19(3) and 27-65-21, on business activities within
368 a municipal corporation shall be allocated for distribution to the
369 municipality and paid to the municipal corporation. On or before
370 August 15, 2006, and each succeeding month thereafter, twenty
371 percent (20%) of the total sales tax revenue collected during the
372 preceding month under the provisions of this chapter, except that
373 collected under the provisions of Sections 27-65-15, 27-65-19(3)
374 and 27-65-21, on business activities within a municipal
375 corporation shall be allocated for distribution to the
376 municipality and paid to the municipal corporation.

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

380 Monies allocated for distribution and credited to a municipal
381 corporation under this subsection may be pledged as security for
382 a loan if the distribution received by the municipal corporation
383 is otherwise authorized or required by law to be pledged as
384 security for such a loan.

385 In any county having a county seat that is not an
386 incorporated municipality, the distribution provided under this
387 subsection shall be made as though the county seat was an
388 incorporated municipality; however, the distribution to the
389 municipality shall be paid to the county treasury in which the

390 municipality is located, and those funds shall be used for road,
391 bridge and street construction or maintenance in the county.

392 (2) On or before September 15, 1987, and each succeeding
393 month thereafter, from the revenue collected under this chapter
394 during the preceding month, One Million One Hundred Twenty-five
395 Thousand Dollars (\$1,125,000.00) shall be allocated for
396 distribution to municipal corporations as defined under subsection
397 (1) of this section in the proportion that the number of gallons
398 of gasoline and diesel fuel sold by distributors to consumers and
399 retailers in each such municipality during the preceding fiscal
400 year bears to the total gallons of gasoline and diesel fuel sold
401 by distributors to consumers and retailers in municipalities
402 statewide during the preceding fiscal year. The State Tax
403 Commission shall require all distributors of gasoline and diesel
404 fuel to report to the commission monthly the total number of
405 gallons of gasoline and diesel fuel sold by them to consumers and
406 retailers in each municipality during the preceding month. The
407 State Tax Commission shall have the authority to promulgate such
408 rules and regulations as is necessary to determine the number of
409 gallons of gasoline and diesel fuel sold by distributors to
410 consumers and retailers in each municipality. In determining the
411 percentage allocation of funds under this subsection for the
412 fiscal year beginning July 1, 1987, and ending June 30, 1988, the
413 State Tax Commission may consider gallons of gasoline and diesel
414 fuel sold for a period of less than one (1) fiscal year. For the
415 purposes of this subsection, the term "fiscal year" means the
416 fiscal year beginning July 1 of a year.

417 (3) On or before September 15, 1987, and on or before the
418 fifteenth day of each succeeding month, until the date specified
419 in Section 65-39-35, the proceeds derived from contractors' taxes
420 levied under Section 27-65-21 on contracts for the construction or
421 reconstruction of highways designated under the highway program
422 created under Section 65-3-97 shall, except as otherwise provided

423 in Section 31-17-127, be deposited into the State Treasury to the
424 credit of the State Highway Fund to be used to fund that highway
425 program. The Mississippi Department of Transportation shall
426 provide to the State Tax Commission such information as is
427 necessary to determine the amount of proceeds to be distributed
428 under this subsection.

429 (4) On or before August 15, 1994, and on or before the
430 fifteenth day of each succeeding month through July 15, 1999, from
431 the proceeds of gasoline, diesel fuel or kerosene taxes as
432 provided in Section 27-5-101(a)(ii)1, Four Million Dollars
433 (\$4,000,000.00) shall be deposited in the State Treasury to the
434 credit of a special fund designated as the "State Aid Road Fund,"
435 created by Section 65-9-17. On or before August 15, 1999, and on
436 or before the fifteenth day of each succeeding month, from the
437 total amount of the proceeds of gasoline, diesel fuel or kerosene
438 taxes apportioned by Section 27-5-101(a)(ii)1, Four Million
439 Dollars (\$4,000,000.00) or an amount equal to twenty-three and
440 one-fourth percent (23-1/4%) of those funds, whichever is the
441 greater amount, shall be deposited in the State Treasury to the
442 credit of the "State Aid Road Fund," created by Section 65-9-17.
443 Those funds shall be pledged to pay the principal of and interest
444 on state aid road bonds heretofore issued under Sections 19-9-51
445 through 19-9-77, in lieu of and in substitution for the funds
446 previously allocated to counties under this section. Those funds
447 may not be pledged for the payment of any state aid road bonds
448 issued after April 1, 1981; however, this prohibition against the
449 pledging of any such funds for the payment of bonds shall not
450 apply to any bonds for which intent to issue those bonds has been
451 published, for the first time, as provided by law before March 29,
452 1981. From the amount of taxes paid into the special fund under
453 this subsection and subsection (9) of this section, there shall be
454 first deducted and paid the amount necessary to pay the expenses
455 of the Office of State Aid Road Construction, as authorized by the

456 Legislature for all other general and special fund agencies. The
457 remainder of the fund shall be allocated monthly to the several
458 counties in accordance with the following formula:

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

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

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

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

472 The amount of funds allocated to any county under this
473 subsection for any fiscal year after fiscal year 1994 shall not be
474 less than the amount allocated to the county for fiscal year
475 1994.

476 Any reference in the general laws of this state or the
477 Mississippi Code of 1972 to Section 27-5-105 shall mean and be
478 construed to refer and apply to subsection (4) of Section
479 27-65-75.

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

486 (6) An amount each month beginning August 15, 1983, through
487 November 15, 1986, as specified in Section 6 of Chapter 542, Laws
488 of 1983, shall be paid into the special fund known as the

489 Correctional Facilities Construction Fund created in Section 6 of
490 Chapter 542, Laws of 1983.

491 (7) On or before August 15, 1992, and each succeeding month
492 thereafter through July 15, 2000, two and two hundred sixty-six
493 one-thousandths percent (2.266%) of the total sales tax revenue
494 collected during the preceding month under the provisions of this
495 chapter, except that collected under the provisions of Section
496 27-65-17(2) shall be deposited by the commission into the School
497 Ad Valorem Tax Reduction Fund created under Section 37-61-35. On
498 or before August 15, 2000, and each succeeding month thereafter,
499 two and two hundred sixty-six one-thousandths percent (2.266%) of
500 the total sales tax revenue collected during the preceding month
501 under the provisions of this chapter, except that collected under
502 the provisions of Section 27-65-17(2), shall be deposited into the
503 School Ad Valorem Tax Reduction Fund created under Section
504 37-61-35 until such time that the total amount deposited into the
505 fund during a fiscal year equals Forty-two Million Dollars
506 (\$42,000,000.00). Thereafter, the amounts diverted under this
507 subsection (7) during the fiscal year in excess of Forty-two
508 Million Dollars (\$42,000,000.00) shall be deposited into the
509 Education Enhancement Fund created under Section 37-61-33 for
510 appropriation by the Legislature as other education needs and
511 shall not be subject to the percentage appropriation requirements
512 set forth in Section 37-61-33.

513 (8) On or before August 15, 1992, and each succeeding month
514 thereafter, nine and seventy-three one-thousandths percent
515 (9.073%) of the total sales tax revenue collected during the
516 preceding month under the provisions of this chapter, except that
517 collected under the provisions of Section 27-65-17(2), shall be
518 deposited into the Education Enhancement Fund created under
519 Section 37-61-33.

520 (9) On or before August 15, 1994, and each succeeding month
521 thereafter, from the revenue collected under this chapter during

522 the preceding month, Two Hundred Fifty Thousand Dollars
523 (\$250,000.00) shall be paid into the State Aid Road Fund.

524 (10) On or before August 15, 1994, and each succeeding month
525 thereafter through August 15, 1995, from the revenue collected
526 under this chapter during the preceding month, Two Million Dollars
527 (\$2,000,000.00) shall be deposited into the Motor Vehicle Ad
528 Valorem Tax Reduction Fund established in Section 27-51-105.

529 (11) Notwithstanding any other provision of this section to
530 the contrary, on or before February 15, 1995, and each succeeding
531 month thereafter, the sales tax revenue collected during the
532 preceding month under the provisions of Section 27-65-17(2) and
533 the corresponding levy in Section 27-65-23 on the rental or lease
534 of private carriers of passengers and light carriers of property
535 as defined in Section 27-51-101 shall be deposited, without
536 diversion, into the Motor Vehicle Ad Valorem Tax Reduction Fund
537 established in Section 27-51-105.

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

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

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

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

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

576 (17) Notwithstanding any other provision of this section to
577 the contrary, on or before April 15, 2002, and each succeeding
578 month thereafter, the sales tax revenue collected during the
579 preceding month under Section 27-65-23 on sales of parking
580 services of parking garages and lots at airports shall be
581 deposited, without diversion, into the special fund created under
582 Section 27-5-101(d).

583 (18) On or before August 15, 2007, and each succeeding month
584 thereafter through July 15, 2008, from the sales tax revenue
585 collected during the preceding month under the provisions of this
586 chapter, Two Million Five Hundred Thousand Dollars (\$2,500,000.00)

587 shall be deposited into the Special Funds Transfer Fund created in
588 Section 4 of Chapter 556, Laws of 2003.

589 (19) (a) On or before August 15, 2005, and each succeeding
590 month thereafter, the sales tax revenue collected during the
591 preceding month under the provisions of this chapter on the gross
592 proceeds of sales of a business enterprise located within a
593 redevelopment project area under the provisions of Sections
594 57-91-1 through 57-91-11, and the revenue collected on the gross
595 proceeds of sales from sales made to a business enterprise located
596 in a redevelopment project area under the provisions of Sections
597 57-91-1 through 57-91-11 (provided that such sales made to a
598 business enterprise are made on the premises of the business
599 enterprise), shall, except as otherwise provided in this
600 subsection (19), be deposited, after all diversions, into the
601 Redevelopment Project Incentive Fund as created in Section
602 57-91-9.

603 (b) For a municipality participating in the Economic
604 Redevelopment Act created in Sections 57-91-1 through 57-91-11,
605 the diversion provided for in subsection (1) of this section
606 attributable to the gross proceeds of sales of a business
607 enterprise located within a redevelopment project area under the
608 provisions of Sections 57-91-1 through 57-91-11, and attributable
609 to the gross proceeds of sales from sales made to a business
610 enterprise located in a redevelopment project area under the
611 provisions of Sections 57-91-1 through 57-91-11 (provided that
612 such sales made to a business enterprise are made on the premises
613 of the business enterprise), shall be deposited into the
614 Redevelopment Project Incentive Fund as created in Section
615 57-91-9, as follows:

616 (i) For the first six (6) years in which payments
617 are made to a developer from the Redevelopment Project Incentive
618 Fund, one hundred percent (100%) of the diversion shall be
619 deposited into the fund;

620 (ii) For the seventh year in which such payments
621 are made to a developer from the Redevelopment Project Incentive
622 Fund, eighty percent (80%) of the diversion shall be deposited
623 into the fund;

624 (iii) For the eighth year in which such payments
625 are made to a developer from the Redevelopment Project Incentive
626 Fund, seventy percent (70%) of the diversion shall be deposited
627 into the fund;

628 (iv) For the ninth year in which such payments are
629 made to a developer from the Redevelopment Project Incentive Fund,
630 sixty percent (60%) of the diversion shall be deposited into the
631 fund; and

632 (v) For the tenth year in which such payments are
633 made to a developer from the Redevelopment Project Incentive Fund,
634 fifty percent (50%) of the funds shall be deposited into the fund.

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

638 (21) It shall be the duty of the municipal officials of any
639 municipality that expands its limits, or of any community that
640 incorporates as a municipality, to notify the commissioner of
641 that action thirty (30) days before the effective date. Failure
642 to so notify the commissioner shall cause the municipality to
643 forfeit the revenue that it would have been entitled to receive
644 during this period of time when the commissioner had no knowledge
645 of the action. If any funds have been erroneously disbursed to
646 any municipality or any overpayment of tax is recovered by the
647 taxpayer, the commissioner may make correction and adjust the
648 error or overpayment with the municipality by withholding the
649 necessary funds from any later payment to be made to the
650 municipality.

651 **SECTION 5.** Nothing in this act shall affect or defeat any
652 claim, assessment, appeal, suit, right or cause of action for

653 taxes due or accrued under the sales tax laws before the date on
654 which this act becomes effective, whether such claims,
655 assessments, appeals, suits or actions have been begun before the
656 date on which this act becomes effective or are begun thereafter;
657 and the provisions of the sales tax laws are expressly continued
658 in full force, effect and operation for the purpose of the
659 assessment, collection and enrollment of liens for any taxes due
660 or accrued and the execution of any warrant under such laws before
661 the date on which this act becomes effective, and for the
662 imposition of any penalties, forfeitures or claims for failure to
663 comply with such laws.

664 **SECTION 6.** This act shall take effect and be in force from
665 and after July 1, 2006.