

By: Representative Brown

To: Ways and Means

HOUSE BILL NO. 1643

1 AN ACT TO AMEND SECTION 27-69-13, MISSISSIPPI CODE OF 1972,
 2 TO INCREASE THE EXCISE TAX ON CIGARETTES, TO PROVIDE THAT THERE
 3 SHALL BE A DISCOUNT OF 1% ON THE ADDITIONAL FACE VALUE OF STAMPS
 4 PURCHASED TO COMPLY WITH SUCH INCREASE AND TO REMOVE THE TAXATION
 5 OF SNUFF AND OTHER TOBACCO PRODUCTS FROM THE SECTION OF LAW THAT
 6 LEVIES THE EXCISE TAX ON DEALERS IN CIGARETTES; TO CREATE NEW
 7 SECTION 27-69-13.1, MISSISSIPPI CODE OF 1972, TO LEVY THE EXCISE
 8 TAX ON DEALERS IN SNUFF; TO CREATE NEW SECTION 27-69-13.2,
 9 MISSISSIPPI CODE OF 1972, TO LEVY THE EXCISE TAX ON DEALERS IN
 10 CIGARS, STOGIES, CHEWING TOBACCO, SMOKING TOBACCO AND ALL OTHER
 11 TOBACCO PRODUCTS, EXCEPT CIGARETTES AND SNUFF; TO AMEND SECTION
 12 27-69-75, MISSISSIPPI CODE OF 1972, TO REQUIRE A PORTION OF THE
 13 MONTHLY TOBACCO TAX REVENUE TO BE DEPOSITED IN THE EDUCATION
 14 ENHANCEMENT FUND AND THE SCHOOL AD VALOREM TAX REDUCTION FUND; TO
 15 AMEND SECTIONS 27-69-27 AND 27-69-31, MISSISSIPPI CODE OF 1972, IN
 16 CONFORMITY THERETO; TO CREATE A NEW SECTION 27-65-26, MISSISSIPPI
 17 CODE OF 1972, TO IMPOSE A SEPARATE SALES TAX LEVY ON RETAIL SALES
 18 OF FOOD FOR HUMAN CONSUMPTION NOT PURCHASED WITH FOOD STAMPS BUT
 19 WHICH WOULD BE EXEMPT FROM SALES TAX IF SUCH FOOD WERE PURCHASED
 20 WITH FOOD STAMPS AND TO REDUCE THE SALES TAX RATE ON SALES OF SUCH
 21 FOOD; TO AMEND SECTION 27-65-17, MISSISSIPPI CODE OF 1972, IN
 22 CONFORMITY THERETO; TO AMEND SECTION 27-65-75, MISSISSIPPI CODE OF
 23 1972, TO INCREASE THE PERCENTAGE OF SALES TAX COLLECTED ON RETAIL
 24 SALES OF SUCH FOOD WITHIN MUNICIPALITIES THAT IS DISTRIBUTED TO
 25 MUNICIPALITIES; AND FOR RELATED PURPOSES.

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

27 **SECTION 1.** Section 27-69-13, Mississippi Code of 1972, is
 28 amended as follows:

29 27-69-13. (1) There is * * * imposed, levied and assessed,
 30 to be collected and paid as hereinafter provided in this chapter,
 31 an excise tax on each person or dealer in cigarettes * * * or
 32 substitutes therefor, upon the sale, use, consumption, handling or
 33 distribution in the State of Mississippi, * * * at the rate of
 34 Five Cents (5¢) on each cigarette sold with a maximum length of
 35 one hundred twenty (120) millimeters; any cigarette in excess of
 36 this length shall be taxed as if it were two (2) or more
 37 cigarettes. * * * However, if the federal tax rate on cigarettes
 38 in effect on June 1, 1985, is reduced, then the rate as provided

39 in this section shall be increased by the amount of the federal
40 tax reduction. The tax increase shall take effect on the first
41 day of the month following the effective date of such reduction in
42 the federal tax rate.

43 * * *

44 (2) No stamp evidencing the tax * * * levied on cigarettes
45 by this section shall be of a denomination of less than One Cent
46 (1¢), and whenever the tax computed at the rates * * * prescribed
47 on cigarettes in this section is a specified amount, plus a
48 fractional part of One Cent (1¢), the package shall be stamped for
49 the next full cent. However, the additional face value of stamps
50 purchased to comply with taxes imposed by this section after June
51 1, 1985, and prior to July 1, 2006, shall be subject to a four
52 percent (4%) discount or compensation to dealers for their
53 services rather than the eight percent (8%) discount or
54 compensation allowed by Section 27-69-31, and there shall be no
55 discount on the additional face value of stamps purchased to
56 comply with taxes imposed by this section on or after July 1,
57 2006.

58 (3) Every wholesaler shall purchase stamps as provided in
59 this chapter, and affix the stamps to all packages of cigarettes
60 handled by him as * * * provided in this chapter.

61 (4) The * * * tax levied by this section is levied upon the
62 sale, use, gift, possession or consumption of cigarettes or
63 substitutes therefor within the State of Mississippi, and the
64 impact of the tax levied by this section is * * * declared to be
65 on the vendee, user, consumer or possessor of tobacco in this
66 state. When the tax is paid by any other person, the payment
67 shall be considered as an advance payment and shall thereafter be
68 added to the price of the tobacco and recovered from the ultimate
69 consumer or user.

70 **SECTION 2.** The following provision shall be codified as
71 Section 27-69-13.1, Mississippi Code of 1972:

72 27-69-13.1. (1) There is imposed, levied and assessed, to
73 be collected and paid as hereinafter provided in this chapter, an
74 excise tax on each person or dealer in snuff or substitutes
75 therefor, upon the sale, use, consumption, handling or
76 distribution in the State of Mississippi, at the rate of fifteen
77 percent (15%) of the manufacturer's list price.

78 (2) The tax levied by this section is levied upon the sale,
79 use, gift, possession or consumption of snuff within the State of
80 Mississippi, and the impact of the tax levied by this section is
81 declared to be on the vendee, user, consumer or possessor of
82 tobacco in this state. When the tax is paid by any other person,
83 the payment shall be considered as an advance payment and shall
84 thereafter be added to the price of the tobacco and recovered from
85 the ultimate consumer or user.

86 **SECTION 3.** The following provision shall be codified as
87 Section 27-69-13.2, Mississippi Code of 1972:

88 27-69-13.2. (1) There is imposed, levied and assessed, to
89 be collected and paid as hereinafter provided in this chapter, an
90 excise tax on each person or dealer in cigars, stogies, chewing
91 tobacco, smoking tobacco and all other tobacco products, except
92 cigarettes and snuff, upon the sale, use, consumption, handling or
93 distribution in the State of Mississippi, at the rate of fifteen
94 percent (15%) of the manufacturer's list price.

95 (2) The tax levied by this section is levied upon the sale,
96 use, gift, possession or consumption of cigars, stogies, chewing
97 tobacco, smoking tobacco and all other tobacco products, except
98 cigarettes or snuff, and the impact of the tax levied by this
99 section is declared to be on the vendee, user, consumer or
100 possessor of tobacco in this state. When the tax is paid by any
101 other person, such payment shall be considered as an advance
102 payment and shall thereafter be added to the price of the tobacco
103 and recovered from the ultimate consumer or user.

104 **SECTION 4.** Section 27-69-75, Mississippi Code of 1972, is
105 amended as follows:

106 27-69-75. (1) All taxes levied by this chapter shall be
107 payable to the commissioner in cash, or by personal check,
108 cashier's check, bank exchange, post office money order or express
109 money order, and shall be deposited by the commissioner in the
110 State Treasury on the same day collected. No remittance other
111 than cash shall be a final discharge of liability for the
112 tax * * * assessed and levied under this chapter, unless and until
113 it has been paid in cash to the commissioner.

114 (2) Of the revenue collected monthly as a result of the tax
115 assessed and levied under this chapter:

116 (a) One Million Three Hundred Four Thousand Two Hundred
117 Forty-four Dollars (\$1,304,244.00) shall be deposited by the
118 commissioner into the Education Enhancement Fund created under
119 Section 37-61-33.

120 (b) Three Hundred Twenty-five Thousand Seven Hundred
121 Thirty-eight Dollars (\$325,738.00) shall be deposited by the
122 commissioner into the School Ad Valorem Tax Reduction Fund created
123 under Section 37-61-35.

124 (3) Except as otherwise provided in subsection (2) of this
125 section, all tobacco taxes collected, including tobacco license
126 taxes, shall be deposited into the State Treasury to the credit of
127 the General Fund.

128 (4) Wholesalers who are entitled to purchase stamps at a
129 discount, as provided by Section 27-69-31, may have consigned to
130 them, without advance payment, those stamps, if and when the
131 wholesaler gives to the commissioner a good and sufficient bond
132 executed by some surety company authorized to do business in this
133 state, conditioned to secure the payment for the stamps so
134 consigned. The commissioner shall require payment for those
135 stamps not later than thirty (30) days from the date the stamps
136 were consigned.

137 **SECTION 5.** Section 27-69-27, Mississippi Code of 1972, is
138 amended as follows:

139 27-69-27. The payment of the tax imposed by this chapter
140 shall be evidenced by affixing stamps to each individual package
141 of cigarettes usually sold to consumers, as distinguished from
142 cartons or larger units which are composed of a number of
143 individual packages.

144 The stamp shall be affixed within seventy-two (72) hours
145 after the receipt of the cigarettes by the wholesaler, and within
146 forty-eight (48) hours after receipt of the cigarettes by the
147 retailer; provided, that in the case a dealer conducts a wholesale
148 and retail business at one (1) place of business, stamps shall be
149 affixed within forty-eight (48) hours after receipt of the
150 cigarettes. The stamp must be so securely affixed as to require
151 the continued application of water or of steam to remove it, or so
152 that it cannot be otherwise removed without destruction or
153 mutilation.

154 The excise tax imposed on cigars, smoking tobacco, chewing
155 tobacco, snuff and all other tobacco products except cigarettes
156 shall be computed by the application of the excise tax rate to the
157 manufacturer's list price on all purchases of such tobacco. The
158 excise tax shall be due and payable on or before the fifteenth day
159 of the month next succeeding the month in which the tax accrues.
160 The tax shall be filed with the commissioner on forms prescribed
161 by the commissioner.

162 Provided, however, manufacturers or other wholesale
163 distributors of tobacco, which are subject to the excise taxes
164 imposed by Sections 27-69-13, 27-69-13.1 and 27-69-13.2 for the
165 privilege of selling or using such tobaccos within this state, who
166 maintain "terminals" or warehouses in which such tobaccos are
167 stored, and who sell only to licensed wholesale dealers within the
168 state who are qualified to purchase and affix the stamps required,

169 may maintain such "spot stocks," intended only for such sales,
170 without affixing the stamps or filing returns and paying the tax.

171 Any person desiring to maintain such "terminal" or warehouse,
172 shall make application to the commissioner and obtain a permit to
173 maintain such stocks without affixing stamps thereto, for sale
174 exclusively to out-of-state purchasers, or licensed wholesale
175 dealers within this state, and the commissioner is hereby
176 authorized to grant such permit upon the execution and filing with
177 the commissioner, by the applicant, a bond with surety companies,
178 authorized to do business in Mississippi, as surety thereon, and
179 conditioned for the strict compliance by the applicant, with the
180 following conditions under which said privilege may be granted.

181 The person maintaining such stock of untaxed tobacco shall
182 supply to the commissioner monthly, or at such times as the
183 commissioner may require, complete invoices of all tobaccos
184 received, and shall also supply correct invoices of all tobaccos
185 removed from such "terminal" or warehouse, said invoices to
186 contain the correct name and address of all persons to whom such
187 tobacco shall be delivered or consigned, whether within or without
188 the State of Mississippi.

189 The penalty of such bond shall be determined by the
190 commissioner, in an amount sufficient to protect the State of
191 Mississippi from any loss of revenue which might occur by reason
192 of the failure of principal to strictly adhere to the requirement
193 that no tobacco would be sold from such stock within the State of
194 Mississippi, except to licensed wholesale dealers.

195 **SECTION 6.** Section 27-69-31, Mississippi Code of 1972, is
196 amended as follows:

197 27-69-31. Dealers subject to the provisions of this chapter
198 shall be allowed, as compensation for their services in affixing
199 the stamps * * * required by this chapter, a sum equal to eight
200 percent (8%) of the face value of the stamps purchased by them,
201 except as otherwise provided in Section 27-69-13(2); however, the

202 commission shall allow no discount on the purchase of stamps by
203 wholesalers of an aggregate amount of less than One Hundred
204 Dollars (\$100.00), and by retailers of an aggregate amount of less
205 than Fifty Dollars (\$50.00) in any one (1) order.

206 * * * The commissioner may, in his discretion, either
207 reduce the compensation allowed, or disallow any compensation for
208 the affixing of stamps, for failure of the dealer to comply with
209 any provisions of the law or rules and regulations promulgated by
210 the commissioner.

211 **SECTION 7.** The following provision shall be codified as
212 Section 27-65-26, Mississippi Code of 1972:

213 27-65-26. From and after July 1, 2006, retail sales of food
214 for human consumption not purchased with food stamps issued by the
215 United States Department of Agriculture, or other federal agency,
216 but which would be exempt under paragraph (o) of Section 27-65-111
217 from the taxes imposed by this chapter if the food items were
218 purchased with food stamps, shall be taxed at the rate of three
219 and one-half percent (3-1/2%).

220 **SECTION 8.** Section 27-65-17, Mississippi Code of 1972, is
221 amended as follows:

222 27-65-17. (1) (a) Except as otherwise provided in this
223 section, upon every person engaging or continuing within this
224 state in the business of selling any tangible personal property
225 whatsoever there is hereby levied, assessed and shall be collected
226 a tax equal to seven percent (7%) of the gross proceeds of the
227 retail sales of the business.

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

231 (c) Retail sales of farm implements sold to farmers and
232 used directly in the production of poultry, ratite, domesticated
233 fish as defined in Section 69-7-501, livestock, livestock
234 products, agricultural crops or ornamental plant crops or used for

235 other agricultural purposes shall be taxed at the rate of three
236 percent (3%) when used on the farm. The three percent (3%) rate
237 shall also apply to all equipment used in logging, pulpwood
238 operations or tree farming which is either:

239 (i) Self-propelled, or

240 (ii) Mounted so that it is permanently attached to
241 other equipment which is self-propelled or permanently attached to
242 other equipment drawn by a vehicle which is self-propelled.

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

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

253 (f) Sales of machinery and machine parts when made to a
254 technology intensive enterprise for plant use only when the
255 machinery and machine parts will be used exclusively and directly
256 within this state for industrial purposes, including, but not
257 limited to, manufacturing or research and development activities,
258 shall be taxed at the rate of one and one-half percent (1-1/2%).
259 In order to be considered a technology intensive enterprise for
260 purposes of this paragraph:

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

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

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

268 (iv) The enterprise shall manufacture plastics,
269 chemicals, automobiles, aircraft, computers or electronics; or
270 shall be a research and development facility, a computer design or
271 related facility, or a software publishing facility or other
272 technology intensive facility or enterprise as determined by the
273 Mississippi Development Authority;

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

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

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

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

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

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

298 (k) Sales of equipment used or designed for the purpose
299 of assisting disabled persons, such as wheelchair equipment and
300 lifts, that is mounted or attached to or installed on a private

301 carrier of passengers or light carrier of property, as defined in
302 Section 27-51-101, at the time when the private carrier of
303 passengers or light carrier of property is sold shall be taxed at
304 the same rate as the sale of such vehicles under this section.

305 (1) From and after July 1, 2006, retail sales of food
306 for human consumption not purchased with food stamps issued by the
307 United States Department of Agriculture, or other federal agency,
308 but which would be exempt under paragraph (o) of Section 27-65-111
309 from the taxes imposed by this chapter if the food items were
310 purchased with food stamps, shall be taxed as provided for in
311 Section 27-65-26.

312 (2) From and after January 1, 1995, retail sales of private
313 carriers of passengers and light carriers of property, as defined
314 in Section 27-51-101, shall be taxed an additional two percent
315 (2%).

316 (3) In lieu of the tax levied in subsection (1) of this
317 section, there is levied on retail sales of truck-tractors and
318 semitrailers used in interstate commerce and registered under the
319 International Registration Plan (IRP) or any similar reciprocity
320 agreement or compact relating to the proportional registration of
321 commercial vehicles entered into as provided for in Section
322 27-19-143, a tax at the rate of three percent (3%) of the portion
323 of the sale that is attributable to the usage of such
324 truck-tractor or semitrailer in Mississippi. The portion of the
325 retail sale that is attributable to the usage of such
326 truck-tractor or semitrailer in Mississippi is the retail sales
327 price of the truck-tractor or semitrailer multiplied by the
328 percentage of the total miles traveled by the vehicle that are
329 traveled in Mississippi. The tax levied pursuant to this
330 subsection (3) shall be collected by the State Tax Commission from
331 the purchaser of such truck-tractor or semitrailer at the time of
332 registration of such truck-tractor or semitrailer.

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

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

340 **SECTION 9.** Section 27-65-75, Mississippi Code of 1972, is
341 amended as follows:

342 27-65-75. On or before the fifteenth day of each month, the
343 revenue collected under the provisions of this chapter during the
344 preceding month shall be paid and distributed as follows:

345 (1) On or before August 15, 1992, and each succeeding month
346 thereafter through July 15, 1993, eighteen percent (18%) of the
347 total sales tax revenue collected during the preceding month under
348 the provisions of this chapter, except that collected under the
349 provisions of Sections 27-65-15, 27-65-19(3) and 27-65-21, on
350 business activities within a municipal corporation shall be
351 allocated for distribution to the municipality and paid to the
352 municipal corporation. On or before August 15, 1993, and each
353 succeeding month thereafter through July 15, 2006, eighteen and
354 one-half percent (18-1/2%) of the total sales tax revenue
355 collected during the preceding month under the provisions of this
356 chapter, except that collected under the provisions of Sections
357 27-65-15, 27-65-19(3) and 27-65-21, on business activities within
358 a municipal corporation shall be allocated for distribution to the
359 municipality and paid to the municipal corporation. On or before
360 August 15, 2006, and each succeeding month thereafter, eighteen
361 and one-half percent (18-1/2%) of the total sales tax revenue
362 collected during the preceding month under the provisions of this
363 chapter, except that collected under the provisions of Sections
364 27-65-15, 27-65-19(3), 27-65-21 and 27-65-26, on business
365 activities within a municipal corporation and thirty-seven percent

366 (37%) of the total sales tax revenue collected during the
367 preceding month under the provisions of Section 27-65-26 on
368 business activities within a municipal corporation shall be
369 allocated for distribution to the municipality and paid to the
370 municipal corporation.

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

374 Monies allocated for distribution and credited to a municipal
375 corporation under this subsection may be pledged as security for
376 a loan if the distribution received by the municipal corporation
377 is otherwise authorized or required by law to be pledged as
378 security for such a loan.

379 In any county having a county seat that is not an
380 incorporated municipality, the distribution provided under this
381 subsection shall be made as though the county seat was an
382 incorporated municipality; however, the distribution to the
383 municipality shall be paid to the county treasury in which the
384 municipality is located, and those funds shall be used for road,
385 bridge and street construction or maintenance in the county.

386 (2) On or before September 15, 1987, and each succeeding
387 month thereafter, from the revenue collected under this chapter
388 during the preceding month, One Million One Hundred Twenty-five
389 Thousand Dollars (\$1,125,000.00) shall be allocated for
390 distribution to municipal corporations as defined under subsection
391 (1) of this section in the proportion that the number of gallons
392 of gasoline and diesel fuel sold by distributors to consumers and
393 retailers in each such municipality during the preceding fiscal
394 year bears to the total gallons of gasoline and diesel fuel sold
395 by distributors to consumers and retailers in municipalities
396 statewide during the preceding fiscal year. The State Tax
397 Commission shall require all distributors of gasoline and diesel
398 fuel to report to the commission monthly the total number of

399 gallons of gasoline and diesel fuel sold by them to consumers and
400 retailers in each municipality during the preceding month. The
401 State Tax Commission shall have the authority to promulgate such
402 rules and regulations as is necessary to determine the number of
403 gallons of gasoline and diesel fuel sold by distributors to
404 consumers and retailers in each municipality. In determining the
405 percentage allocation of funds under this subsection for the
406 fiscal year beginning July 1, 1987, and ending June 30, 1988, the
407 State Tax Commission may consider gallons of gasoline and diesel
408 fuel sold for a period of less than one (1) fiscal year. For the
409 purposes of this subsection, the term "fiscal year" means the
410 fiscal year beginning July 1 of a year.

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

423 (4) On or before August 15, 1994, and on or before the
424 fifteenth day of each succeeding month through July 15, 1999, from
425 the proceeds of gasoline, diesel fuel or kerosene taxes as
426 provided in Section 27-5-101(a)(ii)1, Four Million Dollars
427 (\$4,000,000.00) shall be deposited in the State Treasury to the
428 credit of a special fund designated as the "State Aid Road Fund,"
429 created by Section 65-9-17. On or before August 15, 1999, and on
430 or before the fifteenth day of each succeeding month, from the
431 total amount of the proceeds of gasoline, diesel fuel or kerosene

432 taxes apportioned by Section 27-5-101(a)(ii)1, Four Million
433 Dollars (\$4,000,000.00) or an amount equal to twenty-three and
434 one-fourth percent (23-1/4%) of those funds, whichever is the
435 greater amount, shall be deposited in the State Treasury to the
436 credit of the "State Aid Road Fund," created by Section 65-9-17.
437 Those funds shall be pledged to pay the principal of and interest
438 on state aid road bonds heretofore issued under Sections 19-9-51
439 through 19-9-77, in lieu of and in substitution for the funds
440 previously allocated to counties under this section. Those funds
441 may not be pledged for the payment of any state aid road bonds
442 issued after April 1, 1981; however, this prohibition against the
443 pledging of any such funds for the payment of bonds shall not
444 apply to any bonds for which intent to issue those bonds has been
445 published, for the first time, as provided by law before March 29,
446 1981. From the amount of taxes paid into the special fund under
447 this subsection and subsection (9) of this section, there shall be
448 first deducted and paid the amount necessary to pay the expenses
449 of the Office of State Aid Road Construction, as authorized by the
450 Legislature for all other general and special fund agencies. The
451 remainder of the fund shall be allocated monthly to the several
452 counties in accordance with the following formula:

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

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

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

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

466 The amount of funds allocated to any county under this
467 subsection for any fiscal year after fiscal year 1994 shall not be
468 less than the amount allocated to the county for fiscal year
469 1994.

470 Any reference in the general laws of this state or the
471 Mississippi Code of 1972 to Section 27-5-105 shall mean and be
472 construed to refer and apply to subsection (4) of Section
473 27-65-75.

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

480 (6) An amount each month beginning August 15, 1983, through
481 November 15, 1986, as specified in Section 6 of Chapter 542, Laws
482 of 1983, shall be paid into the special fund known as the
483 Correctional Facilities Construction Fund created in Section 6 of
484 Chapter 542, Laws of 1983.

485 (7) On or before August 15, 1992, and each succeeding month
486 thereafter through July 15, 2000, two and two hundred sixty-six
487 one-thousandths percent (2.266%) of the total sales tax revenue
488 collected during the preceding month under the provisions of this
489 chapter, except that collected under the provisions of Section
490 27-65-17(2) shall be deposited by the commission into the School
491 Ad Valorem Tax Reduction Fund created under Section 37-61-35. On
492 or before August 15, 2000, and each succeeding month thereafter,
493 two and two hundred sixty-six one-thousandths percent (2.266%) of
494 the total sales tax revenue collected during the preceding month
495 under the provisions of this chapter, except that collected under

496 the provisions of Section 27-65-17(2), shall be deposited into the
497 School Ad Valorem Tax Reduction Fund created under Section
498 37-61-35 until such time that the total amount deposited into the
499 fund during a fiscal year equals Forty-two Million Dollars
500 (\$42,000,000.00). Thereafter, the amounts diverted under this
501 subsection (7) during the fiscal year in excess of Forty-two
502 Million Dollars (\$42,000,000.00) shall be deposited into the
503 Education Enhancement Fund created under Section 37-61-33 for
504 appropriation by the Legislature as other education needs and
505 shall not be subject to the percentage appropriation requirements
506 set forth in Section 37-61-33.

507 (8) On or before August 15, 1992, and each succeeding month
508 thereafter, nine and seventy-three one-thousandths percent
509 (9.073%) of the total sales tax revenue collected during the
510 preceding month under the provisions of this chapter, except that
511 collected under the provisions of Section 27-65-17(2), shall be
512 deposited into the Education Enhancement Fund created under
513 Section 37-61-33.

514 (9) On or before August 15, 1994, and each succeeding month
515 thereafter, from the revenue collected under this chapter during
516 the preceding month, Two Hundred Fifty Thousand Dollars
517 (\$250,000.00) shall be paid into the State Aid Road Fund.

518 (10) On or before August 15, 1994, and each succeeding month
519 thereafter through August 15, 1995, from the revenue collected
520 under this chapter during the preceding month, Two Million Dollars
521 (\$2,000,000.00) shall be deposited into the Motor Vehicle Ad
522 Valorem Tax Reduction Fund established in Section 27-51-105.

523 (11) Notwithstanding any other provision of this section to
524 the contrary, on or before February 15, 1995, and each succeeding
525 month thereafter, the sales tax revenue collected during the
526 preceding month under the provisions of Section 27-65-17(2) and
527 the corresponding levy in Section 27-65-23 on the rental or lease
528 of private carriers of passengers and light carriers of property

529 as defined in Section 27-51-101 shall be deposited, without
530 diversion, into the Motor Vehicle Ad Valorem Tax Reduction Fund
531 established in Section 27-51-105.

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

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

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

556 (15) Notwithstanding any other provision of this section to
557 the contrary, on or before September 15, 2000, and each succeeding
558 month thereafter, the sales tax revenue collected during the
559 preceding month under the provisions of Section 27-65-19(1)(f) and
560 (g)(i)2, shall be deposited, without diversion, into the

561 Telecommunications Ad Valorem Tax Reduction Fund established in
562 Section 27-38-7.

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

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

577 (18) On or before August 15, 2007, and each succeeding month
578 thereafter through July 15, 2008, from the sales tax revenue
579 collected during the preceding month under the provisions of this
580 chapter, Two Million Five Hundred Thousand Dollars (\$2,500,000.00)
581 shall be deposited into the Special Funds Transfer Fund created in
582 Section 4 of Chapter 556, Laws of 2003.

583 (19) (a) On or before August 15, 2005, and each succeeding
584 month thereafter, the sales tax revenue collected during the
585 preceding month under the provisions of this chapter on the gross
586 proceeds of sales of a business enterprise located within a
587 redevelopment project area under the provisions of Sections
588 57-91-1 through 57-91-11, and the revenue collected on the gross
589 proceeds of sales from sales made to a business enterprise located
590 in a redevelopment project area under the provisions of Sections
591 57-91-1 through 57-91-11 (provided that such sales made to a
592 business enterprise are made on the premises of the business
593 enterprise), shall, except as otherwise provided in this

594 subsection (19), be deposited, after all diversions, into the
595 Redevelopment Project Incentive Fund as created in Section
596 57-91-9.

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

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

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

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

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

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

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

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

645 **SECTION 10.** This act shall take effect and be in force from
646 and after July 1, 2006.