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To: Ways and Means

HOUSE BILL NO. 1646

1 AN ACT TO CREATE A STUDY COMMITTEE TO STUDY THE TAX SYSTEM OF
 2 THIS STATE AND TO MAKE RECOMMENDATIONS THEREON TO THE LEGISLATURE;
 3 TO REQUIRE THE BUDGET OF STATE AGENCIES BE REDUCED BY FIVE PERCENT
 4 IN FISCAL YEAR 2008; TO AMEND SECTION 27-7-5, MISSISSIPPI CODE OF
 5 1972, TO REVISE THE TAX BRACKETS UNDER THE INCOME TAX LAW; TO
 6 AMEND SECTIONS 27-7-901 AND 27-7-903, MISSISSIPPI CODE OF 1972, TO
 7 INCREASE THE TAX LEVIED UPON AMOUNTS THAT ARE PAID OR CREDITED BY
 8 GAMING ESTABLISHMENTS TO THEIR PATRONS; TO AMEND SECTIONS 27-13-5
 9 AND 27-13-7, MISSISSIPPI CODE OF 1972, TO INCREASE THE FRANCHISE
 10 TAX LEVY; TO AMEND SECTIONS 27-15-103 AND 27-15-109, MISSISSIPPI
 11 CODE OF 1972, TO INCREASE THE INSURANCE PREMIUM TAX; TO AMEND
 12 SECTION 27-19-43, MISSISSIPPI CODE OF 1972, TO INCREASE THE
 13 REGISTRATION FEE ON MOTOR VEHICLES; TO AMEND SECTION 27-65-17,
 14 MISSISSIPPI CODE OF 1972, TO INCREASE THE SALES TAX ON RETAIL
 15 SALES OF PRIVATE CARRIERS OF PASSENGERS AND LIGHT CARRIERS OF
 16 PROPERTY; TO AMEND SECTION 27-65-19, MISSISSIPPI CODE OF 1972, TO
 17 INCREASE THE SALES TAX ON SALES OF ELECTRICITY AND OTHER FUELS TO
 18 MANUFACTURERS, CUSTOM PROCESSORS OR PUBLIC SERVICE COMPANIES FOR
 19 INDUSTRIAL PURPOSES; TO AMEND SECTION 27-65-21, MISSISSIPPI CODE
 20 OF 1972, TO INCREASE THE CONTRACTOR'S TAX; TO AMEND SECTION
 21 27-65-33, MISSISSIPPI CODE OF 1972, TO REMOVE THE DISCOUNT GIVEN
 22 FOR TIMELY FILING AND PAYING SALES TAXES; TO AMEND SECTION
 23 27-65-75, MISSISSIPPI CODE OF 1972, TO INCREASE THE AMOUNT OF THE
 24 SALES TAX DIVERSION TO CITIES AND TO PROVIDE THAT THE ADDITIONAL
 25 SALES TAX ON MOTOR VEHICLES SHALL NOT BE DEPOSITED INTO THE MOTOR
 26 VEHICLE AD VALOREM TAX REDUCTION FUND; TO AMEND SECTION 27-65-111,
 27 MISSISSIPPI CODE OF 1972, TO REMOVE THE SALES TAX EXEMPTION ON
 28 SALES OF MOTOR FUEL AND TO EXEMPT RETAIL SALES OF CERTAIN FOOD
 29 FROM SALES TAXATION; TO AMEND SECTION 27-67-5, MISSISSIPPI CODE OF
 30 1972, TO INCREASE THE USE TAX; TO AMEND SECTION 27-67-31,
 31 MISSISSIPPI CODE OF 1972, TO PROVIDE THAT THE ADDITIONAL USE TAX
 32 ON MOTOR VEHICLES SHALL NOT BE DEPOSITED INTO THE MOTOR VEHICLE AD
 33 VALOREM TAX REDUCTION FUND; TO AMEND SECTION 27-69-13, MISSISSIPPI
 34 CODE OF 1972, TO INCREASE THE EXCISE TAX LEVIED ON CIGARETTES; TO
 35 ELIMINATE THE DISCOUNT OR COMPENSATION PROVIDED TO DEALERS AS
 36 CONSIDERATION FOR THEIR SERVICES IN AFFIXING TOBACCO TAX STAMPS
 37 REQUIRED UNDER THE STATE TOBACCO TAX LAW; TO AMEND SECTION
 38 27-69-31, MISSISSIPPI CODE OF 1972, TO ELIMINATE THE DISCOUNT OR
 39 COMPENSATION PROVIDED TO DEALERS AS COMPENSATION FOR THEIR
 40 SERVICES IN AFFIXING TOBACCO TAX STAMPS REQUIRED UNDER THE STATE
 41 TOBACCO TAX LAW; TO AMEND SECTION 27-69-75, MISSISSIPPI CODE OF
 42 1972, IN CONFORMITY TO THE PRECEDING PROVISIONS; AND FOR RELATED
 43 PURPOSES.

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

45 **SECTION 1.** The Legislature finds that tax revenues are not
 46 sufficient to fund essential functions of state government and
 47 without additional revenues to fund these functions, the health,

48 safety, welfare and future of the citizens of the State of
49 Mississippi will be compromised. It is the intent of the
50 Legislature that the additional General Fund revenue that is
51 generated as a result of the passage of this act shall be utilized
52 to:

53 (a) Maintain the current eligibility standards under
54 the Medicaid program;

55 (b) Fund the Medicaid Poverty Level Aged and Disabled
56 Group;

57 (c) Fund seven hundred fifty (750) slots under the
58 Medicaid Assisted Living Waiver Program;

59 (d) Fund the Children's Health Insurance Program
60 administered by the Department of Medicaid;

61 (e) Fund the Mississippi Adequate Education Program and
62 teacher salaries as provided by law;

63 (f) Fund State Institutions of Higher Learning and
64 Community and Junior Colleges;

65 (g) Fund the State and School Employees' Health
66 Insurance Plan;

67 (h) Fund a six percent (6%) increase in state employee
68 compensation;

69 (i) Fund mental health crisis centers; and

70 (j) Fund additional patrolmen for the Highway Safety
71 Patrol.

72 **SECTION 2.** (1) There is created a study committee on the
73 tax system of Mississippi. The committee shall make a report of
74 its findings and recommendations to the Legislature during the
75 2008 Regular Legislative Session, including any recommended
76 legislation.

77 (2) The committee shall be composed of the following
78 members:

79 (a) The President Pro Tempore of the Mississippi
80 Senate;

81 (b) The Speaker Pro Tempore of the Mississippi House of
82 Representatives;

83 (c) The Chairman of the Senate Appropriations
84 Committee;

85 (d) The Chairman of the House Appropriations Committee;

86 (e) The Chairman of the Senate Finance Committee;

87 (f) The Chairman of the House Ways and Means Committee;

88 (g) The State Treasurer, or his designee;

89 (h) The Executive Director of the Department of Finance
90 and Administration;

91 (i) The State Auditor, or his designee;

92 (j) One (1) member designated by the State Tax
93 Commission;

94 (k) One (1) member designated by the State Board of
95 Public Accountancy;

96 (l) One (1) member designated by the President of The
97 Mississippi Bar from the Taxation Section of The Mississippi Bar;

98 (m) One (1) member designated by the Mississippi
99 Supervisors Association;

100 (n) One (1) member designated by the Mississippi
101 Municipal Association; and

102 (o) Three (3) representatives of the general public,
103 one (1) designated by the Governor, one (1) by the Lieutenant
104 Governor and one (1) by the Speaker of the House of
105 Representatives.

106 Appointments shall be made within thirty (30) days after the
107 effective date of this act, and, within fifteen (15) days
108 thereafter on a day to be designated jointly by the Lieutenant
109 Governor and the Speaker of the House, the committee shall meet
110 and organize by selecting from its membership a chairman and a
111 vice chairman. The vice chairman shall also serve as secretary
112 and shall be responsible for keeping all records of the committee.
113 A majority of the members of the committee shall constitute a

114 quorum. In the selection of its officers and the adoption of
115 rules, resolutions and reports, an affirmative vote of a majority
116 of the committee shall be required. All members shall be notified
117 in writing of all meetings, such notices to be mailed at least
118 five (5) days before the date on which a meeting is to be held.

119 (3) The committee shall study and make recommendations with
120 respect to the imposition of state taxes and the granting of tax
121 exemptions in all areas of taxation including, but not limited to,
122 sales taxes, income taxes, privilege taxes, fuel taxes, diversions
123 of taxes and the relationship between state and local taxes.

124 (4) Members of the committee who are not legislators, state
125 officials or state employees shall be compensated at the per diem
126 rate authorized by Section 25-3-69, and shall be reimbursed in
127 accordance with Section 25-3-41 for mileage and actual expenses
128 incurred in the performance of their duties. Legislative members
129 of the committee shall be paid from the contingent expense funds
130 of their respective houses in the same manner as provided for
131 committee meetings when the Legislature is not in session;
132 however, no per diem or expense for attending meetings of the
133 committee will be paid while the Legislature is in session. No
134 committee member may incur per diem, travel or other expenses
135 unless previously authorized by vote, at a meeting of the
136 committee, which action shall be recorded in the official minutes
137 of the meeting. Nonlegislative members shall be paid from any
138 funds made available to the committee for that purpose.

139 (5) The committee shall utilize clerical and legal staff
140 already employed by the Legislature and any other staff assistance
141 made available to it. To effectuate the purpose of this section,
142 any department, division, board, bureau, commission or agency of
143 the state or of any political subdivision thereof shall, at the
144 request of the chairman of the committee, provide to the committee
145 such facilities, assistance and data as will enable the committee
146 properly to carry out its task.

147 (6) Upon presentation of its report to the 2008 Regular
148 Legislative Session, the committee shall be dissolved.

149 **SECTION 3.** In fiscal year 2008, the budget of each state
150 agency, as defined in Section 27-103-103, shall be reduced by five
151 percent (5%) from the level it was funded in fiscal year 2007.

152 **SECTION 4.** Section 27-7-5, Mississippi Code of 1972, is
153 amended as follows:

154 27-7-5. (1) There is * * * assessed and levied, to be
155 collected and paid as hereinafter provided, for the calendar year
156 1983 and fiscal years ending during the calendar year 1983 and all
157 taxable years thereafter, upon the entire net income of every
158 resident individual, corporation, association, trust or estate, in
159 excess of the credits provided, a tax at the following rates:

160 On the first Five Thousand Dollars (\$5,000.00) of taxable
161 income, or any part thereof, at the rate of four percent (4%);

162 On the next Five Thousand Dollars (\$5,000.00) of taxable
163 income, or any part thereof, at the rate of five percent (5%); and

164 On all taxable income in excess of Ten Thousand Dollars
165 (\$10,000.00), at the rate of six percent (6%).

166 (2) An S corporation, as defined in Section 27-8-3(1)(g),
167 shall not be subject to the income tax imposed under this section.

168 (3) A like tax is * * * imposed to be assessed, collected
169 and paid annually, except as hereinafter provided, at the rate
170 specified in this section and as hereinafter provided, upon and
171 with respect to the entire net income, from all property owned or
172 sold, and from every business, trade or occupation carried on in
173 this state by individuals, corporations, partnerships, trusts or
174 estates, not residents of the State of Mississippi.

175 (4) In the case of taxpayers having a fiscal year beginning
176 in the calendar year 1982 and ending after the first day of
177 January 1983, the tax due for that taxable year shall be
178 determined by:

179 (a) Computing for the full fiscal year the amount of
180 tax that would be due under the rates in effect for the calendar
181 year 1982; and

182 (b) Computing for the full fiscal year the amount of
183 tax that would be due under the rates in effect for the calendar
184 year 1983; and

185 (c) Applying to the tax computed under paragraph (a)
186 the ratio that the number of months falling within the earlier
187 calendar year bears to the total number of months in the fiscal
188 year; and

189 (d) Applying to the tax computed under paragraph (b)
190 the ratio that the number of months falling within the later
191 calendar year bears to the total number of months within the
192 fiscal year; and

193 (e) Adding to the tax determined under paragraph (c)
194 the tax determined under paragraph (d) the sum of which shall be
195 the amount of tax due for the fiscal year.

196 **SECTION 5.** Section 27-7-901, Mississippi Code of 1972, is
197 amended as follows:

198 27-7-901. (1) There is * * * levied, assessed and shall be
199 collected a tax of five percent (5%) upon amounts that are paid or
200 credited by gaming establishments licensed under the provisions of
201 the Mississippi Gaming Control Act to their patrons. The tax
202 shall be collected by licensed gaming establishments and remitted
203 to the State Tax Commission in the manner provided for by
204 regulations promulgated by the Chairman of the State Tax
205 Commission.

206 (2) As used in this section, "amounts that are paid or
207 credited" means amounts or credits that are subject to the
208 withholding or reporting requirements of the Internal Revenue
209 Code.

210 (3) No credit shall be allowed under the Income Tax Law of
211 1952 for the tax collected by licensed gaming establishments under
212 this section.

213 **SECTION 6.** Section 27-7-903, Mississippi Code of 1972, is
214 amended as follows:

215 27-7-903. (1) There is * * * levied and assessed upon
216 patrons of gaming establishments located in this state that are
217 not licensed under the provisions of the Mississippi Gaming
218 Control Act, a tax of five percent (5%) of the amounts that are
219 paid or credited to those patrons by the gaming establishment,
220 which tax is the same in kind and rate as has heretofore been
221 imposed under Section 27-7-901 upon the patrons of gaming
222 establishments that are licensed under the Mississippi Gaming
223 Control Act. The legal incidence and duty to pay those taxes
224 shall fall upon the patron. The assessment of the tax is subject
225 to any exemptions as may exist under federal or state law. The
226 State Tax Commission may enter into tax collection agreements
227 regarding this tax.

228 (2) As used in this section, "amounts that are paid or
229 credited" means amounts or credits that are subject to the
230 withholding or reporting requirements of the Internal Revenue
231 Code.

232 (3) No credit shall be allowed under the Income Tax Law of
233 1952 for the tax collected by gaming establishments under this
234 section.

235 **SECTION 7.** Section 27-13-5, Mississippi Code of 1972, is
236 amended as follows:

237 27-13-5. (1) **Franchise tax levy.** Except as otherwise
238 provided in subsections (3), (4) and (5) of this section, there is
239 hereby imposed, to be paid and collected as hereinafter provided,
240 a franchise or excise tax upon every corporation, association or
241 joint-stock company or partnership treated as a corporation under
242 the income tax laws or regulations, organized or created for

243 pecuniary gain, having privileges not possessed by individuals,
244 and having authorized capital stock now existing in this state, or
245 hereafter organized, created or established, under and by virtue
246 of the laws of the State of Mississippi, equal to Five Dollars
247 (\$5.00) for each One Thousand Dollars (\$1,000.00), or fraction
248 thereof, of the value of the capital used, invested or employed in
249 the exercise of any power, privilege or right enjoyed by such
250 organization within this state, except as hereinafter provided.
251 In no case shall the franchise tax due for the accounting period
252 be less than Twenty-five Dollars (\$25.00). It is the purpose of
253 this section to require the payment to the State of Mississippi of
254 this tax for the right granted by the laws of this state to exist
255 as such organization, and to enjoy, under the protection of the
256 laws of this state, the powers, rights, privileges and immunities
257 derived from the state by the form of such existence.

258 (2) **Annual report of domestic corporations.** Each domestic
259 corporation shall file, within the time prescribed by Section
260 79-3-251, an annual report as required by the provisions of
261 Section 79-3-249.

262 (3) A corporation that has negotiated a fee-in-lieu as
263 defined in Section 57-75-5 shall not be subject to the tax levied
264 by this section on such project; provided, however, that the
265 fee-in-lieu payment shall be otherwise treated in the same manner
266 as the payment of franchise taxes.

267 (4) An approved business enterprise as defined in the Growth
268 and Prosperity Act shall not be subject to the tax levied by this
269 section on the value of capital used, invested or employed by the
270 approved business enterprise in a growth and prosperity county or
271 supervisors district as provided in the Growth and Prosperity Act.

272 (5) A business enterprise operating a project as defined in
273 Section 57-64-33, in a county that is a member of a regional
274 economic development alliance created under the Regional Economic
275 Development Act shall not be subject to the tax levied by this

276 section on the value of capital used, invested or employed by the
277 business enterprise in such a county as provided in Section
278 57-64-33.

279 (6) The tax levied by this chapter and paid by a business
280 enterprise located in a redevelopment project area under Sections
281 57-91-1 through 57-91-11 shall be deposited into the Redevelopment
282 Project Incentive Fund created in Section 57-91-9.

283 **SECTION 8.** Section 27-13-7, Mississippi Code of 1972, is
284 amended as follows:

285 27-13-7. (1) **Franchise tax levy.** Except as otherwise
286 provided in subsections (3), (4) and (5) of this section, there is
287 hereby imposed, levied and assessed upon every corporation,
288 association or joint-stock company, or partnership treated as a
289 corporation under the Income Tax Laws or regulations as
290 hereinbefore defined, organized and existing under and by virtue
291 of the laws of some other state, territory or country, or
292 organized and existing without any specific statutory authority,
293 now or hereafter doing business or exercising any power, privilege
294 or right within this state, as hereinbefore defined, a franchise
295 or excise tax equal to Five Dollars (\$5.00) of each One Thousand
296 Dollars (\$1,000.00), or fraction thereof, of the value of capital
297 used, invested or employed within this state, except as
298 hereinafter provided. In no case shall the franchise tax due for
299 the accounting period be less than Twenty-five Dollars (\$25.00).
300 It is the purpose of this section to require the payment of a tax
301 by all organizations not organized under the laws of this state,
302 measured by the amount of capital or its equivalent, for which
303 such organization receives the benefit and protection of the
304 government and laws of the state.

305 (2) **Annual report of foreign corporations.** Each foreign
306 corporation authorized to transact business in this state shall
307 file, within the time prescribed by Section 79-3-251, an annual
308 report as required by the provisions of Section 79-3-249.

309 (3) A corporation that has negotiated a fee-in-lieu as
310 defined in Section 57-75-5 shall not be subject to the tax levied
311 by this section on such project; provided, however, that the
312 fee-in-lieu payment shall be otherwise treated in the same manner
313 as the payment of franchise taxes.

314 (4) An approved business enterprise as defined in the Growth
315 and Prosperity Act shall not be subject to the tax levied by this
316 section on the value of capital used, invested or employed by the
317 approved business enterprise in a growth and prosperity county or
318 supervisors district as provided in the Growth and Prosperity Act.

319 (5) A business enterprise operating a project as defined in
320 Section 57-64-33, in a county that is a member of a regional
321 economic development alliance created under the Regional Economic
322 Development Act shall not be subject to the tax levied by this
323 section on the value of capital used, invested or employed by the
324 business enterprise in such a county as provided in Section
325 57-64-33.

326 (6) The tax levied by this chapter and paid by a business
327 enterprise located in a redevelopment project area under Sections
328 57-91-1 through 57-91-11 shall be deposited into the Redevelopment
329 Project Incentive Fund created in Section 57-91-9.

330 **SECTION 9.** Section 27-15-103, Mississippi Code of 1972, is
331 amended as follows:

332 27-15-103. (1) Except as otherwise provided in Section
333 83-61-11, in addition to the license tax now or hereafter provided
334 by law, which tax shall be paid when the company enters or is
335 admitted to do business in this state, there is * * * levied and
336 imposed upon all foreign insurance companies and associations,
337 including life insurance companies and associations, health,
338 accident and industrial insurance companies and associations, fire
339 and casualty insurance companies and associations, and all other
340 foreign insurance companies and associations of every kind and
341 description, an additional annual license or privilege tax of four

342 percent (4%) of the gross amount of premium receipts received
343 from, and on insurance policies and contracts written in, or
344 covering risks located in this state, except for premiums received
345 on policies issued to fund a deferred compensation plan qualified
346 under Section 457 of the Federal Tax Code for federal tax
347 exemption. In determining the amount of premiums, there shall be
348 deducted therefrom premiums received for reinsurance from
349 companies authorized to do business in this state, cash dividends
350 paid under policy contracts in this state, and premiums returned
351 to policyholders and cancellations on accounts of policies not
352 taken, and, in the case of mutual insurance companies (including
353 interinsurance and reciprocal exchanges, but not including mutual
354 life, accident, health or industrial insurance companies) any
355 refund made or credited to the policyholder other than for losses.
356 The term "premium" as used in this section shall also include
357 policy fees, membership fees, and all other fees collected by the
358 companies. No credit or deduction from gross premium receipts
359 shall be allowed for any commission, fee or compensation paid to
360 any agent, solicitor or representative. * * * However, * * * any
361 foreign insurance carrier selected to furnish service to the State
362 of Mississippi under the State Employees Life and Health Insurance
363 Plan shall not be required to pay the annual license or privilege
364 tax on the premiums collected for coverage under the * * * plan.

365 * * *

366 (2) The taxes * * * levied and imposed in this section for
367 the calendar year 1982 and all calendar years thereafter shall be
368 reduced by the net amount of income tax paid to this state for the
369 preceding calendar year, provided, in no event may the credit be
370 taken more than once. The credit * * * authorized in this
371 subsection shall, in no event, be greater than the premium tax due
372 under this section; it being the purpose and intent of this
373 paragraph that whichever of the annual insurance premium tax or
374 the income tax is greater in amount shall be paid.

375 **SECTION 10.** Section 27-15-109, Mississippi Code of 1972, is
376 amended as follows:

377 27-15-109. (1) Except as otherwise provided in Section
378 83-61-11, there is * * * levied and imposed upon each domestic
379 company doing business in this state an annual tax of four percent
380 (4%) of the gross amount of premiums collected by the domestic
381 company on insurance policies and contracts written in, or
382 covering risks located in this state, except for premiums received
383 on policies issued to fund a retirement, thrift or deferred
384 compensation plan qualified under Section 401, Section 403 or
385 Section 457 of the Federal Tax Code for federal tax
386 exemption. * * * However, * * * a domestic insurance company
387 against which is levied additional premium tax under retaliatory
388 laws of other states in which it does business, as a result of the
389 tax increase provided by Sections 27-15-103 through 27-15-117, may
390 deduct the total of the additional retaliatory tax from the state
391 income tax due by it to the State of Mississippi. The insurance
392 carriers selected to furnish service to the State of Mississippi,
393 under the State Employees Life and Health Insurance Plan, shall
394 not be required to pay the premium tax levied against insurance
395 companies under this section on the premiums collected for
396 coverage under the state employees plan.

397 (2) Except as expressly provided by subsection (1) of this
398 section, all of the provisions of Sections 27-15-103 through
399 27-15-117 shall be applicable to the domestic insurance companies.
400 However, the statement filed with the State Tax Commission by
401 domestic insurance companies as provided in Section 27-15-107
402 shall include therein a sworn statement of all additional
403 retaliatory premium taxes paid by them to other states as a result
404 of the increase in premium taxes imposed by Sections 27-15-103
405 through 27-15-117, itemized by states to which paid.

406 * * *

407 **SECTION 11.** Section 27-19-43, Mississippi Code of 1972, is
408 amended as follows:

409 27-19-43. (1) License tags, substitute tags and decals for
410 individual fleets and for private carriers of passengers, school
411 buses (excluding school buses owned by a school district in the
412 state), church buses, taxicabs, ambulances, hearses, motorcycles
413 and private carriers of property, and private commercial carriers
414 of property of a gross weight of ten thousand (10,000) pounds and
415 less, shall be sold and issued by the tax collectors of the
416 several counties.

417 (2) Applications for license tags for motor vehicles in a
418 corporate fleet registered under Section 27-19-66, and
419 applications for all other license tags, substitute tags and
420 decals shall be filed with the commission or the local tax
421 collector of the respective counties and forwarded to the
422 commission for issuance to the applicant. All tags and decals for
423 vehicles owned by the state or any agency or instrumentality
424 thereof, and vehicles owned by a fire protection district, school
425 district or a county or municipality, and all vehicles owned by a
426 road, drainage or levee district shall be issued by the
427 commission.

428 (3) In addition to the privilege taxes levied in this
429 section, there shall be collected the following registration or
430 tag fee:

431 (a) For the issuance of both a license tag and two (2)
432 decals, a fee of Five Dollars (\$5.00).

433 (b) For the issuance of up to two (2) decals only, a
434 fee of Three Dollars and Seventy-five Cents (\$3.75).

435 No tag or decal shall be issued either by a tax collector or
436 by the commission without the collection of the registration fee
437 except substitute tags and decals and license tags for vehicles
438 owned by the State of Mississippi.

439 Beginning July 1, 1987, and until the date specified in
440 Section 65-39-35, there shall be levied a registration fee of Five
441 Dollars (\$5.00) in addition to the regular registration fee
442 imposed in paragraphs (a) and (b) of this subsection. The
443 additional registration fee shall be levied in the same manner as
444 the regular registration fee.

445 (4) Beginning July 1, 2007, there shall be levied a
446 registration fee of Ten Dollars (\$10.00) in addition to the
447 regular registration fee imposed in subsection (3) of this
448 section. The additional registration fee shall be levied in the
449 same manner as the regular registration fee.

450 **SECTION 12.** Section 27-65-17, Mississippi Code of 1972, is
451 amended as follows:

452 27-65-17. (1) (a) Except as otherwise provided in this
453 section, upon every person engaging or continuing within this
454 state in the business of selling any tangible personal property
455 whatsoever there is hereby levied, assessed and shall be collected
456 a tax equal to seven percent (7%) of the gross proceeds of the
457 retail sales of the business.

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

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

469 (i) Self-propelled, or

470 (ii) Mounted so that it is permanently attached to
471 other equipment which is self-propelled or permanently attached to
472 other equipment drawn by a vehicle which is self-propelled.

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

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

483 (f) Sales of machinery and machine parts when made to a
484 technology intensive enterprise for plant use only when the
485 machinery and machine parts will be used exclusively and directly
486 within this state for industrial purposes, including, but not
487 limited to, manufacturing or research and development activities,
488 shall be taxed at the rate of one and one-half percent (1-1/2%).
489 In order to be considered a technology intensive enterprise for
490 purposes of this paragraph:

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

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

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

498 (iv) The enterprise shall manufacture plastics,
499 chemicals, automobiles, aircraft, computers or electronics; or
500 shall be a research and development facility, a computer design or
501 related facility, or a software publishing facility or other

502 technology intensive facility or enterprise as determined by the
503 Mississippi Development Authority;

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

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

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

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

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

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

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

535 (1) Sales of the factory-built components of modular
536 homes, panelized homes and precut homes, and panel constructed
537 homes consisting of structural insulated panels, shall be taxed at
538 the rate of three percent (3%).

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

543 (b) From and after July 1, 2007, retail sales of
544 private carriers of passengers and light carriers of property, as
545 defined in Section 27-51-101, shall be taxed an additional one
546 percent (1%).

547 (3) In lieu of the tax levied in subsection (1) of this
548 section, there is levied on retail sales of truck-tractors and
549 semitrailers used in interstate commerce and registered under the
550 International Registration Plan (IRP) or any similar reciprocity
551 agreement or compact relating to the proportional registration of
552 commercial vehicles entered into as provided for in Section
553 27-19-143, a tax at the rate of three percent (3%) of the portion
554 of the sale that is attributable to the usage of such
555 truck-tractor or semitrailer in Mississippi. The portion of the
556 retail sale that is attributable to the usage of such
557 truck-tractor or semitrailer in Mississippi is the retail sales
558 price of the truck-tractor or semitrailer multiplied by the
559 percentage of the total miles traveled by the vehicle that are
560 traveled in Mississippi. The tax levied pursuant to this
561 subsection (3) shall be collected by the State Tax Commission from
562 the purchaser of such truck-tractor or semitrailer at the time of
563 registration of such truck-tractor or semitrailer.

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

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

571 **SECTION 13.** Section 27-65-19, Mississippi Code of 1972, is
572 amended as follows:

573 27-65-19. (1) (a) Except as otherwise provided in this
574 subsection, upon every person selling to consumers, electricity,
575 current, power, potable water, steam, coal, natural gas, liquefied
576 petroleum gas or other fuel, there is hereby levied, assessed and
577 shall be collected a tax equal to seven percent (7%) of the gross
578 income of the business. Provided, gross income from sales to
579 consumers of electricity, current, power, natural gas, liquefied
580 petroleum gas or other fuel for residential heating, lighting or
581 other residential noncommercial or nonagricultural use, and sales
582 of potable water for residential, noncommercial or nonagricultural
583 use shall be excluded from taxable gross income of the business.
584 Provided further, upon every such seller using electricity,
585 current, power, potable water, steam, coal, natural gas, liquefied
586 petroleum gas or other fuel for nonindustrial purposes, there is
587 hereby levied, assessed and shall be collected a tax equal to
588 seven percent (7%) of the cost or value of the product or service
589 used.

590 * * *

591 (b) Upon every person operating a telegraph or
592 telephone business for the transmission of messages or
593 conversations between points within this state, there is hereby
594 levied, assessed and shall be collected a tax equal to seven
595 percent (7%) of the gross income of such business, with no
596 deduction or allowance for any part of an intrastate rate charge
597 because of routing across a state line. Charges by one
598 telecommunications provider to another telecommunications provider
599 holding a permit issued under Section 27-65-27 for services that

600 are resold by such other telecommunications provider, including,
601 but not limited to, access charges, shall not be subject to the
602 tax levied pursuant to this paragraph (b). However, any sale of a
603 prepaid telephone calling card or prepaid authorization number, or
604 both, shall be deemed to be the sale of tangible personal property
605 subject only to such taxes imposed by law on the sale of tangible
606 personal property. If the sale of a prepaid telephone calling
607 card or prepaid authorization number does not take place at the
608 vendor's place of business, it shall be conclusively determined to
609 take place at the customer's shipping address. The
610 reauthorization of a prepaid telephone calling card or a prepaid
611 authorization number shall be conclusively determined to take
612 place at the customer's billing address. Except for the
613 provisions governing the sale of a prepaid telephone calling card
614 or prepaid authorization number, this paragraph (b) shall not
615 apply to persons providing mobile telecommunications services that
616 are taxed pursuant to paragraph (d) of this section.

617 (c) Upon every person operating a telegraph or
618 telecommunications business for the transmission of messages or
619 conversations originating in this state or terminating in this
620 state via interstate telecommunications, which are charged to the
621 customer's service address in this state, regardless of where such
622 amount is billed or paid, there is hereby levied, assessed and
623 shall be collected a tax equal to seven percent (7%) of the gross
624 income received by such business from such interstate
625 telecommunications. However, a person, upon proof that he has
626 paid a tax in another state on such event, shall be allowed a
627 credit against the tax imposed in this paragraph (c) on interstate
628 telecommunications charges to the extent that the amount of such
629 tax is properly due and actually paid in such other state and to
630 the extent that the rate of sales tax imposed by and paid to such
631 other state does not exceed the rate of sales tax imposed by this
632 paragraph (c). Charges by one telecommunications provider to

633 another telecommunications provider holding a permit issued under
634 Section 27-65-27 for services that are resold by such other
635 telecommunications provider, including, but not limited to, access
636 charges, shall not be subject to the tax levied pursuant to this
637 paragraph (c). This paragraph (c) shall not apply to persons
638 providing mobile telecommunications services that are taxed
639 pursuant to paragraph (d) of this subsection.

640 (d) (i) Upon every person providing mobile
641 telecommunications services in this state, there is hereby levied,
642 assessed and shall be collected:

643 1. A tax equal to seven percent (7%) of the
644 gross income received on such services from all charges for
645 transmission of messages or conversations between points within
646 any single state as they shall be construed to be within this
647 state; and

648 2. A tax equal to seven percent (7%) on the
649 gross income received from all charges for services that originate
650 in one state and terminate in any other state.

651 Charges by one telecommunications provider to another
652 telecommunications provider holding a permit issued under Section
653 27-65-27 for services that are resold by such other
654 telecommunications provider, including, but not limited to, access
655 charges, shall not be subject to the tax levied pursuant to this
656 paragraph (d).

657 (ii) Subject to the provisions of 4 USCS 116(c),
658 the tax levied by this paragraph (d) shall apply only to those
659 charges for mobile telecommunications services subject to tax
660 which are deemed to be provided to a customer by a home service
661 provider pursuant to 4 USCS 117(a), if the customer's place of
662 primary use is located within this state.

663 (iii) A home service provider shall be responsible
664 for obtaining and maintaining the customer's place of primary use.
665 The home service provider shall be entitled to rely on the

666 applicable residential or business street address supplied by such
667 customer, if the home service provider's reliance is in good
668 faith; and the home service provider shall be held harmless from
669 liability for any additional taxes based on a different
670 determination of the place of primary use for taxes that are
671 customarily passed on to the customer as a separate itemized
672 charge. A home service provider shall be allowed to treat the
673 address used for purposes of the tax levied by this chapter for
674 any customer under a service contract in effect on August 1, 2002,
675 as that customer's place of primary use for the remaining term of
676 such service contract or agreement, excluding any extension or
677 renewal of such service contract or agreement. Month-to-month
678 services provided after the expiration of a contract shall be
679 treated as an extension or renewal of such contract or agreement.

680 If the commissioner determines that the address used by a
681 home service provider as a customer's place of primary use does
682 not meet the definition of the term "place of primary use" as
683 defined in this paragraph, the commissioner shall give binding
684 notice to the home service provider to change the place of primary
685 use on a prospective basis from the date of notice of
686 determination; however, the customer shall have the opportunity,
687 prior to such notice of determination, to demonstrate that such
688 address satisfies such definition.

689 The commission has the right to collect any taxes due
690 directly from the home service provider's customer that has failed
691 to provide an address that meets the definition of the term "place
692 of primary use" which resulted in a failure of tax otherwise due
693 being remitted.

694 (iv) For purposes of this paragraph (d):

695 1. "Place of primary use" means the street
696 address representative of where the customer's use of mobile
697 telecommunications services primarily occurs, which shall be

698 either the residential street address of the customer or the
699 primary business street address of the customer.

700 2. "Customer" means the person or entity that
701 contracts with the home service provider for mobile
702 telecommunications services. For determining the place of primary
703 use, in those instances in which the end user of mobile
704 telecommunications services is not the contracting party, the end
705 user of the mobile telecommunications services shall be deemed the
706 customer. The term "customer" shall not include a reseller of
707 mobile telecommunications service, or a serving carrier under an
708 arrangement to serve the customer outside the home service
709 provider's licensed service area.

710 3. "Home service provider" means the
711 facilities-based carrier or reseller with which the customer
712 contracts for the provision of mobile telecommunications services.

713 (e) (i) For purposes of this paragraph (e), "bundled
714 transaction" means a transaction that consists of distinct and
715 identifiable properties or services which are sold for a single
716 nonitemized price but which are treated differently for tax
717 purposes.

718 (ii) In the case of a bundled transaction that
719 includes telecommunications services taxed under this section in
720 which the price of the bundled transaction is attributable to
721 properties or services that are taxable and nontaxable, the
722 portion of the price that is attributable to any nontaxable
723 property or service shall be subject to the tax unless the
724 provider can reasonably identify that portion from its books and
725 records kept in the regular course of business.

726 (iii) In the case of a bundled transaction that
727 includes telecommunications services subject to tax under this
728 section in which the price is attributable to properties or
729 services that are subject to the tax but the tax revenue from the
730 different properties or services are dedicated to different funds

731 or purposes, the provider shall allocate the price among the
732 properties or services:

733 1. By reasonably identifying the portion of
734 the price attributable to each of the properties and services from
735 its books and records kept in the regular course of business; or

736 2. Based on a reasonable allocation
737 methodology approved by the commission.

738 (iv) This paragraph (e) shall not create a right
739 of action for a customer to require that the provider or the
740 commission, for purposes of determining the amount of tax
741 applicable to a bundled transaction, allocate the price to the
742 different portions of the transaction in order to minimize the
743 amount of tax charged to the customer. A customer shall not be
744 entitled to rely on the fact that a portion of the price is
745 attributable to properties or services not subject to tax unless
746 the provider elects, after receiving a written request from the
747 customer in the form required by the provider, to provide
748 verifiable data based upon the provider's books and records that
749 are kept in the regular course of business that reasonably
750 identifies the portion of the price attributable to the properties
751 or services not subject to the tax.

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

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

763 Such tax shall be reported and paid directly to the State Tax
764 Commission by the consumer.

765 **SECTION 14.** Section 27-65-21, Mississippi Code of 1972, is
766 amended as follows:

767 27-65-21. (1) (a) (i) Upon every person engaging or
768 continuing in this state in the business of contracting or
769 performing a contract or engaging in any of the activities, or
770 similar activities, listed below for a price, commission, fee or
771 wage, there is hereby levied, assessed and shall be collected a
772 tax equal to four and one-half percent (4-1/2%) of the total
773 contract price or compensation received, including all charges
774 related to the contract such as finance charges and late charges,
775 from constructing, building, erecting, repairing, grading,
776 excavating, drilling, exploring, testing or adding to any
777 building, highway, street, sidewalk, bridge, culvert, sewer,
778 irrigation or water system, drainage or dredging system, levee or
779 levee system or any part thereof, railway, reservoir, dam, power
780 plant, electrical system, air conditioning system, heating system,
781 transmission line, pipeline, tower, dock, storage tank, wharf,
782 excavation, grading, water well, any other improvement or
783 structure or any part thereof when the compensation received
784 exceeds Ten Thousand Dollars (\$10,000.00). Such activities shall
785 not include constructing, repairing or adding to property which
786 retains its identity as personal property. The tax imposed in
787 this section is levied upon the prime contractor and shall be paid
788 by him.

789 (ii) Amounts included in the contract price or
790 compensation received representing the sale of manufacturing or
791 processing machinery for a manufacturer or custom processor shall
792 be taxed at the rate of one and one-half percent (1-1/2%) in lieu
793 of the three and one-half percent (3-1/2%).

794 (b) The following shall be excluded from the tax levied
795 by this section:

796 (i) The contract price or compensation received
797 for constructing, building, erecting, repairing or adding to any
798 building, electrical system, air conditioning system, heating
799 system or any other improvement or structure which is used for or
800 primarily in connection with a residence or dwelling place for
801 human beings. Such residences shall include homes, apartment
802 buildings, condominiums, mobile homes, summer cottages, fishing
803 and hunting camp buildings and similar buildings, but shall not
804 include hotels, motels, hospitals, nursing or retirement homes,
805 tourist cottages or other commercial establishments.

806 (ii) The portion of the total contract price
807 attributable to design or engineering services if the total
808 contract price for the project exceeds the sum of One Hundred
809 Million Dollars (\$100,000,000.00).

810 (iii) The contract price or compensation received
811 to restore, repair or replace a utility distribution or
812 transmission system that has been damaged due to ice storm,
813 hurricane, flood, tornado, wind, earthquake or other natural
814 disaster if such restoration, repair or replacement is performed
815 by the entity providing the service at its cost.

816 (c) Sales of materials and services for use in the
817 activities hereby excluded from taxes imposed by this section,
818 except services used in activities excluded pursuant to paragraph
819 (b)(iii) of this subsection, shall be subject to taxes imposed by
820 other sections in this chapter.

821 (2) Upon every person engaging or continuing in this state
822 in the business of contracting or performing a contract of
823 redrilling, or working over, or of drilling an oil well or a gas
824 well, regardless of whether such well is productive or
825 nonproductive, for any valuable consideration, there is hereby
826 levied, assessed and shall be collected a tax equal to three and
827 one-half percent (3-1/2%) of the total contract price or

828 compensation received when such compensation exceeds Ten Thousand
829 Dollars (\$10,000.00).

830 The words, terms and phrases as used in this subsection shall
831 have the meaning ascribed to them as follows:

832 "Operator"--One who holds all or a fraction of the working or
833 operating rights in an oil or gas lease, and is obligated for the
834 costs of production either as a fee owner or under a lease or any
835 other form of contract creating working or operating rights.

836 "Bottom-hole contribution"--Money or property given to an
837 operator for his use in the drilling of a well on property in
838 which the payor has no interest. The contribution is payable
839 whether the well is productive or nonproductive.

840 "Dry-hole contribution"--Money or property given to an
841 operator for his use in the drilling of a well on property in
842 which the payor has no interest. Such contribution is payable
843 only in the event the well is found to be nonproductive.

844 "Turnkey drilling contract"--A contract for the drilling of a
845 well which requires the driller to drill a well and, if commercial
846 production is obtained, to equip the well to such stage that the
847 lessee or operator may turn a valve and the oil will flow into a
848 tank.

849 "Total contract price or compensation received"--As related
850 to oil and gas well contractors, shall include amounts received as
851 compensation for all costs of performing a turnkey drilling
852 contract; amounts received or to be received under assignment as
853 dry-hole money or bottom-hole money; and shall mean and include
854 anything of value received by the contractor as remuneration for
855 services taxable hereunder. When the kind and amount of
856 compensation received by the contractor is contingent upon
857 production, the taxable amount shall be the total compensation
858 receivable in the event the well is a dry hole. The taxable
859 amount in the event of production when the contractor receives a
860 production interest of an undetermined value in lieu of a fixed

861 compensation shall be an amount equal to the compensation to the
862 contractor if the well had been a dry hole.

863 (3) When the work to be performed under any contract is
864 sublet by the prime contractor to different persons, or in
865 separate contracts to the same persons, each such subcontractor
866 performing any part of said work shall be liable for the amount of
867 the tax which accrues on account of the work performed by such
868 person when the tax heretofore imposed has not been paid upon the
869 whole contract by the prime contractor.

870 When a person engaged in any business on which a tax is
871 levied in Section 27-65-23, also qualifies as a contractor, and
872 contracts with the owner of any project to perform any services in
873 excess of Ten Thousand Dollars (\$10,000.00) herein taxed, such
874 person shall pay the tax imposed by this section in lieu of the
875 tax imposed by Section 27-65-23.

876 Any person entering into any contract over Seventy-five
877 Thousand Dollars (\$75,000.00) as defined in this section shall,
878 before beginning the performance of such contract or contracts,
879 either pay the contractors' tax in advance, together with any use
880 taxes due under Section 27-67-5, or execute and file with the
881 Chairman of the State Tax Commission a good and valid bond in a
882 surety company authorized to do business in this state, or with
883 sufficient sureties to be approved by the commissioner conditioned
884 that all taxes which may accrue to the State of Mississippi under
885 this chapter, or under Section 27-67-5 and Section 27-7-5, will be
886 paid when due. Such bonds shall be either (a) "job bonds" which
887 guarantee payment when due of the aforesaid taxes resulting from
888 performance of a specified job or activity regardless of date of
889 completion; or (b) "blanket bonds" which guarantee payment when
890 due of the aforesaid taxes resulting from performance of all jobs
891 or activities taxable under this section begun during the period
892 specified therein, regardless of date of completion. The payments
893 of the taxes due or the execution and filing of a surety bond

894 shall be a condition precedent to the commencing work on any
895 contract taxed hereunder. Provided, that when any bond is filed
896 in lieu of the prepayment of the tax under this section, that the
897 tax shall be payable monthly on the amount received during the
898 previous month, and any use taxes due shall be payable on or
899 before the twentieth day of the month following the month in which
900 the property is brought into Mississippi.

901 Any person failing either to execute any bond herein
902 provided, or to pay the taxes in advance, before beginning the
903 performance of any contract shall be denied the right to perform
904 such contract until he complies with such requirements, and the
905 commissioner is hereby authorized to proceed either under Section
906 27-65-59, under Section 27-65-61 or by injunction to prevent any
907 activity in the performance of such contract until either a
908 satisfactory bond is executed and filed, or all taxes are paid in
909 advance, and a temporary injunction enjoining the execution of
910 such contract shall be granted without notice by any judge or
911 chancellor now authorized by law to grant injunctions.

912 Any person liable for a tax under this section may apply for
913 and obtain a material purchase certificate from the commissioner
914 which may entitle the holder to purchase materials and services
915 that are to become a component part of the structure to be erected
916 or repaired with no tax due. Provided, that the contractor
917 applying for the contractor's material purchase certificate shall
918 furnish the State Tax Commission a list of all work sublet to
919 others, indicating the amount of work to be performed, and the
920 names and addresses of each subcontractor.

921 **SECTION 15.** Section 27-65-33, Mississippi Code of 1972, is
922 amended as follows:

923 27-65-33. (1) Except as otherwise provided in this section,
924 the taxes levied by this chapter shall be due and payable on or
925 before the twentieth day of the month next succeeding the month in
926 which the tax accrues, except as otherwise provided. Returns and

927 payments placed in the mail must be postmarked by the due date in
928 order to be considered timely filed, except when the due date
929 falls on a weekend or holiday, returns and payments placed in the
930 mail must be postmarked by the first working day following the due
931 date in order to be considered timely filed. The taxpayer shall
932 make a return showing the gross proceeds of sales or the gross
933 income of the business, and any and all allowable deductions, or
934 exempt sales, and compute the tax due for the period
935 covered * * *.

936 * * *

937 (2) A taxpayer required to collect sales taxes under this
938 chapter and having an average monthly sales tax liability of at
939 least Twenty Thousand Dollars (\$20,000.00) for the preceding
940 calendar year shall pay to the State Tax Commission on or before
941 June 25, 2003, and on or before the twenty-fifth day of June of
942 each succeeding year thereafter, an amount equal to at least
943 seventy-five percent (75%) of such taxpayer's estimated sales tax
944 liability for the month of June of the current calendar year, or
945 an amount equal to at least seventy-five percent (75%) of the
946 taxpayer's sales tax liability for the month of June of the
947 preceding calendar year. Payments required to be made under this
948 subsection must be received by the State Tax Commission no later
949 than June 25 in order to be considered timely made. A taxpayer
950 that fails to comply with the requirements of this subsection may
951 be assessed a penalty in an amount equal to ten percent (10%) of
952 the difference between any amount the taxpayer pays pursuant to
953 this subsection and the taxpayer's actual sales tax liability for
954 the month of June for which the estimated payment was required to
955 be made. Payments made by a taxpayer under this subsection shall
956 not be considered to be collected for the purposes of any sales
957 tax diversions required by law until the taxpayer files a return
958 for the actual sales taxes collected during the month of June.
959 This subsection shall not apply to any agency, department or

960 instrumentality of the United States, any agency, department,
961 institution, instrumentality or political subdivision of the State
962 of Mississippi, or any agency, department, institution or
963 instrumentality of any political subdivision of the State of
964 Mississippi. Payments made pursuant to this subsection for the
965 month of June 2003, shall be deposited by the State Tax Commission
966 into the Budget Contingency Fund created under Section 27-103-301,
967 and payments made pursuant to this subsection for the month of
968 June of 2004, and each succeeding year thereafter, shall be
969 deposited by the State Tax Commission into the State General Fund.

970 (3) All returns shall be sworn to by the taxpayer, if made
971 by an individual, or by the president, vice president, secretary
972 or treasurer of a corporation, or authorized agent, if made on
973 behalf of a corporation. If made on behalf of a partnership,
974 joint venture, association, trust, estate, or in any other group
975 or combination acting as a unit, any individual delegated by such
976 firm shall swear to the return on behalf of the taxpayer. The
977 commissioner may prescribe methods by which the taxpayer may swear
978 to his return.

979 (4) The commissioner may promulgate rules and regulations to
980 require or permit filing periods of any duration, in lieu of
981 monthly filing periods, for any taxpayer or group thereof.

982 (5) The commissioner may require the execution and filing by
983 the taxpayer with the commissioner of a good and solvent bond with
984 some surety company authorized to do business in Mississippi as
985 surety thereon in an amount double the aggregate tax liability by
986 such taxpayer for any previous three-month period within the last
987 calendar year or estimated three (3) months' tax liability. Said
988 bond is to be conditioned for the prompt payment of such taxes as
989 may be due for each such return.

990 (6) The commissioner, for good cause, may grant such
991 reasonable additional time within which to make any return
992 required under the provisions of this chapter as he may deem

993 proper, but the time for filing any return shall not be extended
994 beyond the twentieth of the month next succeeding the regular due
995 date of the return without the imposition of interest at the rate
996 of one percent (1%) per month or fractional part of a month from
997 the time the return was due until the tax is paid.

998 (7) For persistent, willful or recurring failure to make any
999 return and pay the tax shown thereby to be due by the time
1000 specified, there shall be added to the amount of tax shown to be
1001 due ten percent (10%) damages, or interest at the rate of one
1002 percent (1%) per month, or both.

1003 (8) Any taxpayer may, upon making application therefor,
1004 obtain from the commissioner an extension of time for the payment
1005 of taxes due on credit sales until collections thereon have been
1006 made. When such extension is granted, the taxpayer shall
1007 thereafter include in each monthly or quarterly report all
1008 collections made during the preceding month or quarter, and shall
1009 pay the taxes due thereon at the time of filing such report. Such
1010 permission may be revoked or denied at the discretion of the
1011 commissioner when, in his opinion, a total sales basis will best
1012 reflect the taxable income or expedite examination of the
1013 taxpayer's records.

1014 (9) Any taxpayer reporting credit sales before collection
1015 thereof has been made may take credit on subsequent returns or
1016 reports for bad debts actually charged off, if such amounts
1017 charged off have previously been included in taxable gross income
1018 or taxable gross proceeds of sales, as the case may be, and the
1019 tax paid thereon. However, any amounts subsequently collected on
1020 accounts that have been charged off as bad debts shall be included
1021 in subsequent reports and the tax shall be paid thereon.

1022 (10) In cases where an extension of time has been granted by
1023 the commissioner for payment of taxes due on credit sales and the
1024 taxpayer thereafter discontinues the business, such taxpayer shall
1025 be required to file with the commissioner within ten (10) days, or

1026 such further time as the commissioner may direct, from the date of
1027 the discontinuance of such business, a special report showing the
1028 amounts of any credit sales which have not been included in
1029 determining the measure of the tax previously paid and any other
1030 information with reference to credit sales as the commissioner may
1031 require. The commissioner shall thereupon investigate the facts
1032 with reference to credit sales and the condition of the accounts,
1033 and shall determine, from the best evidence available, the value
1034 of all open accounts, notes or other evidence of debt arising from
1035 credit sales. The value of all notes, open accounts and other
1036 evidence of debt, as thus determined by the commissioner, shall be
1037 used in determining the amount of the tax for which such taxpayer
1038 shall be liable. When the amount of the tax shall have been
1039 ascertained, the taxpayer shall be required to pay the same within
1040 ten (10) days or such further time as the commissioner may allow,
1041 notwithstanding the fact that such note or accounts may still
1042 remain uncollected.

1043 **SECTION 16.** Section 27-65-75, Mississippi Code of 1972, is
1044 amended as follows:

1045 27-65-75. On or before the fifteenth day of each month, the
1046 revenue collected under the provisions of this chapter during the
1047 preceding month shall be paid and distributed as follows:

1048 (1) (a) On or before August 15, 1992, and each succeeding
1049 month thereafter through July 15, 1993, eighteen percent (18%) of
1050 the total sales tax revenue collected during the preceding month
1051 under the provisions of this chapter, except that collected under
1052 the provisions of Sections 27-65-15, 27-65-19(3) and 27-65-21, on
1053 business activities within a municipal corporation shall be
1054 allocated for distribution to the municipality and paid to the
1055 municipal corporation. On or before August 15, 1993, and each
1056 succeeding month thereafter through July 15, 2007, eighteen and
1057 one-half percent (18-1/2%) of the total sales tax revenue
1058 collected during the preceding month under the provisions of this

1059 chapter, except that collected under the provisions of Sections
1060 27-65-15, 27-65-19(3) and 27-65-21, on business activities within
1061 a municipal corporation shall be allocated for distribution to the
1062 municipality and paid to the municipal corporation. On or before
1063 August 15, 2007, and each succeeding month thereafter, nineteen
1064 percent (19%) of the total sales tax revenue collected during the
1065 preceding month under the provisions of this chapter, except that
1066 collected under the provisions of Sections 27-65-15, 27-65-19(3)
1067 and 27-65-21, on business activities within a municipal
1068 corporation shall be allocated for distribution to the
1069 municipality and paid to the municipal corporation.

1070 A municipal corporation, for the purpose of distributing the
1071 tax under this subsection, shall mean and include all incorporated
1072 cities, towns and villages.

1073 Monies allocated for distribution and credited to a municipal
1074 corporation under this subsection may be pledged as security for a
1075 loan if the distribution received by the municipal corporation is
1076 otherwise authorized or required by law to be pledged as security
1077 for such a loan.

1078 In any county having a county seat that is not an
1079 incorporated municipality, the distribution provided under this
1080 subsection shall be made as though the county seat was an
1081 incorporated municipality; however, the distribution to the
1082 municipality shall be paid to the county treasury in which the
1083 municipality is located, and those funds shall be used for road,
1084 bridge and street construction or maintenance in the county.

1085 (b) On or before August 15, 2006, and each succeeding
1086 month thereafter, eighteen and one-half percent (18-1/2%) of the
1087 total sales tax revenue collected during the preceding month under
1088 the provisions of this chapter, except that collected under the
1089 provisions of Sections 27-65-15, 27-65-19(3) and 27-65-21, on
1090 business activities on the campus of a state institution of higher
1091 learning or community or junior college whose campus is not

1092 located within the corporate limits of a municipality, shall be
1093 allocated for distribution to the state institution of higher
1094 learning or community or junior college and paid to the state
1095 institution of higher learning or community or junior college.

1096 (2) On or before September 15, 1987, and each succeeding
1097 month thereafter, from the revenue collected under this chapter
1098 during the preceding month, One Million One Hundred Twenty-five
1099 Thousand Dollars (\$1,125,000.00) shall be allocated for
1100 distribution to municipal corporations as defined under subsection
1101 (1) of this section in the proportion that the number of gallons
1102 of gasoline and diesel fuel sold by distributors to consumers and
1103 retailers in each such municipality during the preceding fiscal
1104 year bears to the total gallons of gasoline and diesel fuel sold
1105 by distributors to consumers and retailers in municipalities
1106 statewide during the preceding fiscal year. The State Tax
1107 Commission shall require all distributors of gasoline and diesel
1108 fuel to report to the commission monthly the total number of
1109 gallons of gasoline and diesel fuel sold by them to consumers and
1110 retailers in each municipality during the preceding month. The
1111 State Tax Commission shall have the authority to promulgate such
1112 rules and regulations as is necessary to determine the number of
1113 gallons of gasoline and diesel fuel sold by distributors to
1114 consumers and retailers in each municipality. In determining the
1115 percentage allocation of funds under this subsection for the
1116 fiscal year beginning July 1, 1987, and ending June 30, 1988, the
1117 State Tax Commission may consider gallons of gasoline and diesel
1118 fuel sold for a period of less than one (1) fiscal year. For the
1119 purposes of this subsection, the term "fiscal year" means the
1120 fiscal year beginning July 1 of a year.

1121 (3) On or before September 15, 1987, and on or before the
1122 fifteenth day of each succeeding month, until the date specified
1123 in Section 65-39-35, the proceeds derived from contractors' taxes
1124 levied under Section 27-65-21 on contracts for the construction or

1125 reconstruction of highways designated under the highway program
1126 created under Section 65-3-97 shall, except as otherwise provided
1127 in Section 31-17-127, be deposited into the State Treasury to the
1128 credit of the State Highway Fund to be used to fund that highway
1129 program. The Mississippi Department of Transportation shall
1130 provide to the State Tax Commission such information as is
1131 necessary to determine the amount of proceeds to be distributed
1132 under this subsection.

1133 (4) On or before August 15, 1994, and on or before the
1134 fifteenth day of each succeeding month through July 15, 1999, from
1135 the proceeds of gasoline, diesel fuel or kerosene taxes as
1136 provided in Section 27-5-101(a)(ii)1, Four Million Dollars
1137 (\$4,000,000.00) shall be deposited in the State Treasury to the
1138 credit of a special fund designated as the "State Aid Road Fund,"
1139 created by Section 65-9-17. On or before August 15, 1999, and on
1140 or before the fifteenth day of each succeeding month, from the
1141 total amount of the proceeds of gasoline, diesel fuel or kerosene
1142 taxes apportioned by Section 27-5-101(a)(ii)1, Four Million
1143 Dollars (\$4,000,000.00) or an amount equal to twenty-three and
1144 one-fourth percent (23-1/4%) of those funds, whichever is the
1145 greater amount, shall be deposited in the State Treasury to the
1146 credit of the "State Aid Road Fund," created by Section 65-9-17.
1147 Those funds shall be pledged to pay the principal of and interest
1148 on state aid road bonds heretofore issued under Sections 19-9-51
1149 through 19-9-77, in lieu of and in substitution for the funds
1150 previously allocated to counties under this section. Those funds
1151 may not be pledged for the payment of any state aid road bonds
1152 issued after April 1, 1981; however, this prohibition against the
1153 pledging of any such funds for the payment of bonds shall not
1154 apply to any bonds for which intent to issue those bonds has been
1155 published, for the first time, as provided by law before March 29,
1156 1981. From the amount of taxes paid into the special fund under
1157 this subsection and subsection (9) of this section, there shall be

1158 first deducted and paid the amount necessary to pay the expenses
1159 of the Office of State Aid Road Construction, as authorized by the
1160 Legislature for all other general and special fund agencies. The
1161 remainder of the fund shall be allocated monthly to the several
1162 counties in accordance with the following formula:

1163 (a) One-third (1/3) shall be allocated to all counties
1164 in equal shares;

1165 (b) One-third (1/3) shall be allocated to counties
1166 based on the proportion that the total number of rural road miles
1167 in a county bears to the total number of rural road miles in all
1168 counties of the state; and

1169 (c) One-third (1/3) shall be allocated to counties
1170 based on the proportion that the rural population of the county
1171 bears to the total rural population in all counties of the state,
1172 according to the latest federal decennial census.

1173 For the purposes of this subsection, the term "gasoline,
1174 diesel fuel or kerosene taxes" means such taxes as defined in
1175 paragraph (f) of Section 27-5-101.

1176 The amount of funds allocated to any county under this
1177 subsection for any fiscal year after fiscal year 1994 shall not be
1178 less than the amount allocated to the county for fiscal year 1994.

1179 Any reference in the general laws of this state or the
1180 Mississippi Code of 1972 to Section 27-5-105 shall mean and be
1181 construed to refer and apply to subsection (4) of Section
1182 27-65-75.

1183 (5) One Million Six Hundred Sixty-six Thousand Six Hundred
1184 Sixty-six Dollars (\$1,666,666.00) each month shall be paid into
1185 the special fund known as the "State Public School Building Fund"
1186 created and existing under the provisions of Sections 37-47-1
1187 through 37-47-67. Those payments into that fund are to be made on
1188 the last day of each succeeding month hereafter.

1189 (6) An amount each month beginning August 15, 1983, through
1190 November 15, 1986, as specified in Section 6 of Chapter 542, Laws

1191 of 1983, shall be paid into the special fund known as the
1192 Correctional Facilities Construction Fund created in Section 6 of
1193 Chapter 542, Laws of 1983.

1194 (7) On or before August 15, 1992, and each succeeding month
1195 thereafter through July 15, 2000, two and two hundred sixty-six
1196 one-thousandths percent (2.266%) of the total sales tax revenue
1197 collected during the preceding month under the provisions of this
1198 chapter, except that collected under the provisions of Section
1199 27-65-17(2) shall be deposited by the commission into the School
1200 Ad Valorem Tax Reduction Fund created under Section 37-61-35. On
1201 or before August 15, 2000, and each succeeding month thereafter,
1202 two and two hundred sixty-six one-thousandths percent (2.266%) of
1203 the total sales tax revenue collected during the preceding month
1204 under the provisions of this chapter, except that collected under
1205 the provisions of Section 27-65-17(2), shall be deposited into the
1206 School Ad Valorem Tax Reduction Fund created under Section
1207 37-61-35 until such time that the total amount deposited into the
1208 fund during a fiscal year equals Forty-two Million Dollars
1209 (\$42,000,000.00). Thereafter, the amounts diverted under this
1210 subsection (7) during the fiscal year in excess of Forty-two
1211 Million Dollars (\$42,000,000.00) shall be deposited into the
1212 Education Enhancement Fund created under Section 37-61-33 for
1213 appropriation by the Legislature as other education needs and
1214 shall not be subject to the percentage appropriation requirements
1215 set forth in Section 37-61-33.

1216 (8) On or before August 15, 1992, and each succeeding month
1217 thereafter, nine and seventy-three one-thousandths percent
1218 (9.073%) of the total sales tax revenue collected during the
1219 preceding month under the provisions of this chapter, except that
1220 collected under the provisions of Section 27-65-17(2), shall be
1221 deposited into the Education Enhancement Fund created under
1222 Section 37-61-33.

1223 (9) On or before August 15, 1994, and each succeeding month
1224 thereafter, from the revenue collected under this chapter during
1225 the preceding month, Two Hundred Fifty Thousand Dollars
1226 (\$250,000.00) shall be paid into the State Aid Road Fund.

1227 (10) On or before August 15, 1994, and each succeeding month
1228 thereafter through August 15, 1995, from the revenue collected
1229 under this chapter during the preceding month, Two Million Dollars
1230 (\$2,000,000.00) shall be deposited into the Motor Vehicle Ad
1231 Valorem Tax Reduction Fund established in Section 27-51-105.

1232 (11) Notwithstanding any other provision of this section to
1233 the contrary, on or before February 15, 1995, and each succeeding
1234 month thereafter, the sales tax revenue collected during the
1235 preceding month under the provisions of Section 27-65-17(2)(a) and
1236 the corresponding levy in Section 27-65-23 on the rental or lease
1237 of private carriers of passengers and light carriers of property
1238 as defined in Section 27-51-101 shall be deposited, without
1239 diversion, into the Motor Vehicle Ad Valorem Tax Reduction Fund
1240 established in Section 27-51-105.

1241 (12) Notwithstanding any other provision of this section to
1242 the contrary, on or before August 15, 1995, and each succeeding
1243 month thereafter, the sales tax revenue collected during the
1244 preceding month under the provisions of Section 27-65-17(1) on
1245 retail sales of private carriers of passengers and light carriers
1246 of property, as defined in Section 27-51-101 and the corresponding
1247 levy in Section 27-65-23 on the rental or lease of these vehicles,
1248 shall be deposited, after diversion, into the Motor Vehicle Ad
1249 Valorem Tax Reduction Fund established in Section 27-51-105.

1250 (13) On or before July 15, 1994, and on or before the
1251 fifteenth day of each succeeding month thereafter, that portion of
1252 the avails of the tax imposed in Section 27-65-22 that is derived
1253 from activities held on the Mississippi State Fairgrounds Complex,
1254 shall be paid into a special fund that is created in the State
1255 Treasury and shall be expended upon legislative appropriation

1256 solely to defray the costs of repairs and renovation at the Trade
1257 Mart and Coliseum.

1258 (14) On or before August 15, 1998, and each succeeding month
1259 thereafter through July 15, 2005, that portion of the avails of
1260 the tax imposed in Section 27-65-23 that is derived from sales by
1261 cotton compresses or cotton warehouses and that would otherwise be
1262 paid into the General Fund, shall be deposited in an amount not to
1263 exceed Two Million Dollars (\$2,000,000.00) into the special fund
1264 created under Section 69-37-39.

1265 (15) Notwithstanding any other provision of this section to
1266 the contrary, on or before September 15, 2000, and each succeeding
1267 month thereafter, the sales tax revenue collected during the
1268 preceding month under the provisions of Section 27-65-19(1)(f) and
1269 (g)(i)2, shall be deposited, without diversion, into the
1270 Telecommunications Ad Valorem Tax Reduction Fund established in
1271 Section 27-38-7.

1272 (16) On or before August 15, 2000, and each succeeding month
1273 thereafter, the sales tax revenue collected during the preceding
1274 month under the provisions of this chapter on the gross proceeds
1275 of sales of a project as defined in Section 57-30-1 shall be
1276 deposited, after all diversions except the diversion provided for
1277 in subsection (1) of this section, into the Sales Tax Incentive
1278 Fund created in Section 57-30-3.

1279 (17) Notwithstanding any other provision of this section to
1280 the contrary, on or before April 15, 2002, and each succeeding
1281 month thereafter, the sales tax revenue collected during the
1282 preceding month under Section 27-65-23 on sales of parking
1283 services of parking garages and lots at airports shall be
1284 deposited, without diversion, into the special fund created under
1285 Section 27-5-101(d).

1286 (18) On or before August 15, 2007, and each succeeding month
1287 thereafter through July 15, 2008, from the sales tax revenue
1288 collected during the preceding month under the provisions of this

1289 chapter, Two Million Five Hundred Thousand Dollars (\$2,500,000.00)
1290 shall be deposited into the Special Funds Transfer Fund created in
1291 Section 4 of Chapter 556, Laws of 2003.

1292 (19) (a) On or before August 15, 2005, and each succeeding
1293 month thereafter, the sales tax revenue collected during the
1294 preceding month under the provisions of this chapter on the gross
1295 proceeds of sales of a business enterprise located within a
1296 redevelopment project area under the provisions of Sections
1297 57-91-1 through 57-91-11, and the revenue collected on the gross
1298 proceeds of sales from sales made to a business enterprise located
1299 in a redevelopment project area under the provisions of Sections
1300 57-91-1 through 57-91-11 (provided that such sales made to a
1301 business enterprise are made on the premises of the business
1302 enterprise), shall, except as otherwise provided in this
1303 subsection (19), be deposited, after all diversions, into the
1304 Redevelopment Project Incentive Fund as created in Section
1305 57-91-9.

1306 (b) For a municipality participating in the Economic
1307 Redevelopment Act created in Sections 57-91-1 through 57-91-11,
1308 the diversion provided for in subsection (1) of this section
1309 attributable to the gross proceeds of sales of a business
1310 enterprise located within a redevelopment project area under the
1311 provisions of Sections 57-91-1 through 57-91-11, and attributable
1312 to the gross proceeds of sales from sales made to a business
1313 enterprise located in a redevelopment project area under the
1314 provisions of Sections 57-91-1 through 57-91-11 (provided that
1315 such sales made to a business enterprise are made on the premises
1316 of the business enterprise), shall be deposited into the
1317 Redevelopment Project Incentive Fund as created in Section
1318 57-91-9, as follows:

1319 (i) For the first six (6) years in which payments
1320 are made to a developer from the Redevelopment Project Incentive

1321 Fund, one hundred percent (100%) of the diversion shall be
1322 deposited into the fund;

1323 (ii) For the seventh year in which such payments
1324 are made to a developer from the Redevelopment Project Incentive
1325 Fund, eighty percent (80%) of the diversion shall be deposited
1326 into the fund;

1327 (iii) For the eighth year in which such payments
1328 are made to a developer from the Redevelopment Project Incentive
1329 Fund, seventy percent (70%) of the diversion shall be deposited
1330 into the fund;

1331 (iv) For the ninth year in which such payments are
1332 made to a developer from the Redevelopment Project Incentive Fund,
1333 sixty percent (60%) of the diversion shall be deposited into the
1334 fund; and

1335 (v) For the tenth year in which such payments are
1336 made to a developer from the Redevelopment Project Incentive Fund,
1337 fifty percent (50%) of the funds shall be deposited into the fund.

1338 (20) On or before January 15, 2007, and each succeeding
1339 month thereafter, eighty percent (80%) of the sales tax revenue
1340 collected during the preceding month under the provisions of this
1341 chapter from the operation of a tourism project under the
1342 provisions of Sections 57-28-1 through 57-28-5, shall be
1343 deposited, after the diversions required in subsections (7) and
1344 (8) of this section, into the Tourism Sales Tax Incentive Fund
1345 created in Section 57-28-3.

1346 (21) The remainder of the amounts collected under the
1347 provisions of this chapter shall be paid into the State Treasury
1348 to the credit of the General Fund.

1349 (22) It shall be the duty of the municipal officials of any
1350 municipality that expands its limits, or of any community that
1351 incorporates as a municipality, to notify the commissioner of that
1352 action thirty (30) days before the effective date. Failure to so
1353 notify the commissioner shall cause the municipality to forfeit

1354 the revenue that it would have been entitled to receive during
1355 this period of time when the commissioner had no knowledge of the
1356 action. If any funds have been erroneously disbursed to any
1357 municipality or any overpayment of tax is recovered by the
1358 taxpayer, the commissioner may make correction and adjust the
1359 error or overpayment with the municipality by withholding the
1360 necessary funds from any later payment to be made to the
1361 municipality.

1362 **SECTION 17.** Section 27-65-111, Mississippi Code of 1972, is
1363 amended as follows:

1364 **[Through June 30, 2008, this section shall read as follows:]**

1365 27-65-111. The exemptions from the provisions of this
1366 chapter which are not industrial, agricultural or governmental, or
1367 which do not relate to utilities or taxes, or which are not
1368 properly classified as one of the exemption classifications of
1369 this chapter, shall be confined to persons or property exempted by
1370 this section or by the Constitution of the United States or the
1371 State of Mississippi. No exemptions as now provided by any other
1372 section, except the classified exemption sections of this chapter
1373 set forth herein, shall be valid as against the tax herein levied.
1374 Any subsequent exemption from the tax levied hereunder, except as
1375 indicated above, shall be provided by amendments to this section.

1376 No exemption provided in this section shall apply to taxes
1377 levied by Section 27-65-15 or 27-65-21, Mississippi Code of 1972.

1378 The tax levied by this chapter shall not apply to the
1379 following:

1380 (a) Sales of tangible personal property and services to
1381 hospitals or infirmaries owned and operated by a corporation or
1382 association in which no part of the net earnings inures to the
1383 benefit of any private shareholder, group or individual, and which
1384 are subject to and governed by Sections 41-7-123 through 41-7-127.

1385 Only sales of tangible personal property or services which
1386 are ordinary and necessary to the operation of such hospitals and
1387 infirmaries are exempted from tax.

1388 (b) Sales of daily or weekly newspapers, and
1389 periodicals or publications of scientific, literary or educational
1390 organizations exempt from federal income taxation under Section
1391 501(c)(3) of the Internal Revenue Code of 1954, as it exists as of
1392 March 31, 1975, and subscription sales of all magazines.

1393 (c) Sales of coffins, caskets and other materials used
1394 in the preparation of human bodies for burial.

1395 (d) Sales of tangible personal property for immediate
1396 export to a foreign country.

1397 (e) Sales of tangible personal property to an
1398 orphanage, old men's or ladies' home, supported wholly or in part
1399 by a religious denomination, fraternal nonprofit organization or
1400 other nonprofit organization.

1401 (f) Sales of tangible personal property, labor or
1402 services taxable under Sections 27-65-17, 27-65-19 and 27-65-23,
1403 to a YMCA, YWCA, a Boys' or Girls' Club owned and operated by a
1404 corporation or association in which no part of the net earnings
1405 inures to the benefit of any private shareholder, group or
1406 individual.

1407 (g) Sales to elementary and secondary grade schools,
1408 junior and senior colleges owned and operated by a corporation or
1409 association in which no part of the net earnings inures to the
1410 benefit of any private shareholder, group or individual, and which
1411 are exempt from state income taxation, provided that this
1412 exemption does not apply to sales of property or services which
1413 are not to be used in the ordinary operation of the school, or
1414 which are to be resold to the students or the public.

1415 (h) The gross proceeds of retail sales and the use or
1416 consumption in this state of drugs and medicines:

1417 (i) Prescribed for the treatment of a human being
1418 by a person authorized to prescribe the medicines, and dispensed
1419 or prescription filled by a registered pharmacist in accordance
1420 with law; or

1421 (ii) Furnished by a licensed physician, surgeon,
1422 dentist or podiatrist to his own patient for treatment of the
1423 patient; or

1424 (iii) Furnished by a hospital for treatment of any
1425 person pursuant to the order of a licensed physician, surgeon,
1426 dentist or podiatrist; or

1427 (iv) Sold to a licensed physician, surgeon,
1428 podiatrist, dentist or hospital for the treatment of a human
1429 being; or

1430 (v) Sold to this state or any political
1431 subdivision or municipal corporation thereof, for use in the
1432 treatment of a human being or furnished for the treatment of a
1433 human being by a medical facility or clinic maintained by this
1434 state or any political subdivision or municipal corporation
1435 thereof.

1436 "Medicines," as used in this paragraph (h), shall mean and
1437 include any substance or preparation intended for use by external
1438 or internal application to the human body in the diagnosis, cure,
1439 mitigation, treatment or prevention of disease and which is
1440 commonly recognized as a substance or preparation intended for
1441 such use; provided that "medicines" do not include any auditory,
1442 prosthetic, ophthalmic or ocular device or appliance, any dentures
1443 or parts thereof or any artificial limbs or their replacement
1444 parts, articles which are in the nature of splints, bandages,
1445 pads, compresses, supports, dressings, instruments, apparatus,
1446 contrivances, appliances, devices or other mechanical, electronic,
1447 optical or physical equipment or article or the component parts
1448 and accessories thereof, or any alcoholic beverage or any other
1449 drug or medicine not commonly referred to as a prescription drug.

1450 Notwithstanding the preceding sentence of this paragraph (h),
1451 "medicines" as used in this paragraph (h), shall mean and include
1452 sutures, whether or not permanently implanted, bone screws, bone
1453 pins, pacemakers and other articles permanently implanted in the
1454 human body to assist the functioning of any natural organ, artery,
1455 vein or limb and which remain or dissolve in the body.

1456 "Hospital," as used in this paragraph (h), shall have the
1457 meaning ascribed to it in Section 41-9-3, Mississippi Code of
1458 1972.

1459 Insulin furnished by a registered pharmacist to a person for
1460 treatment of diabetes as directed by a physician shall be deemed
1461 to be dispensed on prescription within the meaning of this
1462 paragraph (h).

1463 (i) Retail sales of automobiles, trucks and
1464 truck-tractors if exported from this state within forty-eight (48)
1465 hours and registered and first used in another state.

1466 (j) Sales of tangible personal property or services to
1467 the Salvation Army and the Muscular Dystrophy Association, Inc.

1468 (k) From July 1, 1985, through December 31, 1992,
1469 retail sales of "alcohol blended fuel" as such term is defined in
1470 Section 75-55-5. The gasoline-alcohol blend or the straight
1471 alcohol eligible for this exemption shall not contain alcohol
1472 distilled outside the State of Mississippi.

1473 (l) Sales of tangible personal property or services to
1474 the Institute for Technology Development.

1475 (m) The gross proceeds of retail sales of food and
1476 drink for human consumption made through vending machines serviced
1477 by full line vendors from and not connected with other taxable
1478 businesses.

1479 * * *

1480 (n) Retail sales of food for human consumption
1481 purchased with food stamps issued by the United States Department
1482 of Agriculture, or other federal agency, from and after October 1,

1483 1987, or from and after the expiration of any waiver granted
1484 pursuant to federal law, the effect of which waiver is to permit
1485 the collection by the state of tax on such retail sales of food
1486 for human consumption purchased with food stamps.

1487 (o) Sales of cookies for human consumption by the Girl
1488 Scouts of America no part of the net earnings from which sales
1489 inures to the benefit of any private group or individual.

1490 (p) Gifts or sales of tangible personal property or
1491 services to public or private nonprofit museums of art.

1492 (q) Sales of tangible personal property or services to
1493 alumni associations of state-supported colleges or universities.

1494 (r) Sales of tangible personal property or services to
1495 chapters of the National Association of Junior Auxiliaries, Inc.

1496 (s) Sales of tangible personal property or services to
1497 domestic violence shelters which qualify for state funding under
1498 Sections 93-21-101 through 93-21-113.

1499 (t) Sales of tangible personal property or services to
1500 the National Multiple Sclerosis Society, Mississippi Chapter.

1501 (u) Retail sales of food for human consumption
1502 purchased with food instruments issued the Mississippi Band of
1503 Choctaw Indians under the Women, Infants and Children Program
1504 (WIC) funded by the United States Department of Agriculture.

1505 (v) Sales of tangible personal property or services to
1506 a private company, as defined in Section 57-61-5, which is making
1507 such purchases with proceeds of bonds issued under Section 57-61-1
1508 et seq., the Mississippi Business Investment Act.

1509 (w) The gross collections from the operation of
1510 self-service, coin-operated car washing equipment and sales of the
1511 service of washing motor vehicles with portable high-pressure
1512 washing equipment on the premises of the customer.

1513 (x) Sales of tangible personal property or services to
1514 the Mississippi Technology Alliance.

1515 (y) Sales of tangible personal property to nonprofit
1516 organizations that provide foster care, adoption services and
1517 temporary housing for unwed mothers and their children if the
1518 organization is exempt from federal income taxation under Section
1519 501(c)(3) of the Internal Revenue Code.

1520 (z) Sales of tangible personal property to nonprofit
1521 organizations that provide residential rehabilitation for persons
1522 with alcohol and drug dependencies if the organization is exempt
1523 from federal income taxation under Section 501(c)(3) of the
1524 Internal Revenue Code.

1525 (aa) Retail sales of food for human consumption not
1526 purchased with food stamps issued by the United States Department
1527 of Agriculture, or other federal agency, but which would be exempt
1528 under paragraph (n) of this section from the taxes imposed by this
1529 chapter if the food items were purchased with food stamps.

1530 [From and after July 1, 2008, this section shall read as
1531 follows:]

1532 27-65-111. The exemptions from the provisions of this
1533 chapter which are not industrial, agricultural or governmental, or
1534 which do not relate to utilities or taxes, or which are not
1535 properly classified as one of the exemption classifications of
1536 this chapter, shall be confined to persons or property exempted by
1537 this section or by the Constitution of the United States or the
1538 State of Mississippi. No exemptions as now provided by any other
1539 section, except the classified exemption sections of this chapter
1540 set forth herein, shall be valid as against the tax herein levied.
1541 Any subsequent exemption from the tax levied hereunder, except as
1542 indicated above, shall be provided by amendments to this section.

1543 No exemption provided in this section shall apply to taxes
1544 levied by Section 27-65-15 or 27-65-21, Mississippi Code of 1972.

1545 The tax levied by this chapter shall not apply to the
1546 following:

1547 (a) Sales of tangible personal property and services to
1548 hospitals or infirmaries owned and operated by a corporation or
1549 association in which no part of the net earnings inures to the
1550 benefit of any private shareholder, group or individual, and which
1551 are subject to and governed by Sections 41-7-123 through 41-7-127.

1552 Only sales of tangible personal property or services which
1553 are ordinary and necessary to the operation of such hospitals and
1554 infirmaries are exempted from tax.

1555 (b) Sales of daily or weekly newspapers, and
1556 periodicals or publications of scientific, literary or educational
1557 organizations exempt from federal income taxation under Section
1558 501(c)(3) of the Internal Revenue Code of 1954, as it exists as of
1559 March 31, 1975, and subscription sales of all magazines.

1560 (c) Sales of coffins, caskets and other materials used
1561 in the preparation of human bodies for burial.

1562 (d) Sales of tangible personal property for immediate
1563 export to a foreign country.

1564 (e) Sales of tangible personal property to an
1565 orphanage, old men's or ladies' home, supported wholly or in part
1566 by a religious denomination, fraternal nonprofit organization or
1567 other nonprofit organization.

1568 (f) Sales of tangible personal property, labor or
1569 services taxable under Sections 27-65-17, 27-65-19 and 27-65-23,
1570 to a YMCA, YWCA, a Boys' or Girls' Club owned and operated by a
1571 corporation or association in which no part of the net earnings
1572 inures to the benefit of any private shareholder, group or
1573 individual.

1574 (g) Sales to elementary and secondary grade schools,
1575 junior and senior colleges owned and operated by a corporation or
1576 association in which no part of the net earnings inures to the
1577 benefit of any private shareholder, group or individual, and which
1578 are exempt from state income taxation, provided that this
1579 exemption does not apply to sales of property or services which

1580 are not to be used in the ordinary operation of the school, or
1581 which are to be resold to the students or the public.

1582 (h) The gross proceeds of retail sales and the use or
1583 consumption in this state of drugs and medicines:

1584 (i) Prescribed for the treatment of a human being
1585 by a person authorized to prescribe the medicines, and dispensed
1586 or prescription filled by a registered pharmacist in accordance
1587 with law; or

1588 (ii) Furnished by a licensed physician, surgeon,
1589 dentist or podiatrist to his own patient for treatment of the
1590 patient; or

1591 (iii) Furnished by a hospital for treatment of any
1592 person pursuant to the order of a licensed physician, surgeon,
1593 dentist or podiatrist; or

1594 (iv) Sold to a licensed physician, surgeon,
1595 podiatrist, dentist or hospital for the treatment of a human
1596 being; or

1597 (v) Sold to this state or any political
1598 subdivision or municipal corporation thereof, for use in the
1599 treatment of a human being or furnished for the treatment of a
1600 human being by a medical facility or clinic maintained by this
1601 state or any political subdivision or municipal corporation
1602 thereof.

1603 "Medicines," as used in this paragraph (h), shall mean and
1604 include any substance or preparation intended for use by external
1605 or internal application to the human body in the diagnosis, cure,
1606 mitigation, treatment or prevention of disease and which is
1607 commonly recognized as a substance or preparation intended for
1608 such use; provided that "medicines" do not include any auditory,
1609 prosthetic, ophthalmic or ocular device or appliance, any dentures
1610 or parts thereof or any artificial limbs or their replacement
1611 parts, articles which are in the nature of splints, bandages,
1612 pads, compresses, supports, dressings, instruments, apparatus,

1613 contrivances, appliances, devices or other mechanical, electronic,
1614 optical or physical equipment or article or the component parts
1615 and accessories thereof, or any alcoholic beverage or any other
1616 drug or medicine not commonly referred to as a prescription drug.

1617 Notwithstanding the preceding sentence of this paragraph (h),
1618 "medicines" as used in this paragraph (h), shall mean and include
1619 sutures, whether or not permanently implanted, bone screws, bone
1620 pins, pacemakers and other articles permanently implanted in the
1621 human body to assist the functioning of any natural organ, artery,
1622 vein or limb and which remain or dissolve in the body.

1623 "Hospital," as used in this paragraph (h), shall have the
1624 meaning ascribed to it in Section 41-9-3, Mississippi Code of
1625 1972.

1626 Insulin furnished by a registered pharmacist to a person for
1627 treatment of diabetes as directed by a physician shall be deemed
1628 to be dispensed on prescription within the meaning of this
1629 paragraph (h).

1630 (i) Retail sales of automobiles, trucks and
1631 truck-tractors if exported from this state within forty-eight (48)
1632 hours and registered and first used in another state.

1633 (j) Sales of tangible personal property or services to
1634 the Salvation Army and the Muscular Dystrophy Association, Inc.

1635 (k) From July 1, 1985, through December 31, 1992,
1636 retail sales of "alcohol blended fuel" as such term is defined in
1637 Section 75-55-5. The gasoline-alcohol blend or the straight
1638 alcohol eligible for this exemption shall not contain alcohol
1639 distilled outside the State of Mississippi.

1640 (l) Sales of tangible personal property or services to
1641 the Institute for Technology Development.

1642 (m) The gross proceeds of retail sales of food and
1643 drink for human consumption made through vending machines serviced
1644 by full line vendors from and not connected with other taxable
1645 businesses.

1646 (n) The gross proceeds of sales of motor fuel.

1647 (o) Retail sales of food for human consumption

1648 purchased with food stamps issued by the United States Department

1649 of Agriculture, or other federal agency, from and after October 1,

1650 1987, or from and after the expiration of any waiver granted

1651 pursuant to federal law, the effect of which waiver is to permit

1652 the collection by the state of tax on such retail sales of food

1653 for human consumption purchased with food stamps.

1654 (p) Sales of cookies for human consumption by the Girl

1655 Scouts of America no part of the net earnings from which sales

1656 inures to the benefit of any private group or individual.

1657 (q) Gifts or sales of tangible personal property or

1658 services to public or private nonprofit museums of art.

1659 (r) Sales of tangible personal property or services to

1660 alumni associations of state-supported colleges or universities.

1661 (s) Sales of tangible personal property or services to

1662 chapters of the National Association of Junior Auxiliaries, Inc.

1663 (t) Sales of tangible personal property or services to

1664 domestic violence shelters which qualify for state funding under

1665 Sections 93-21-101 through 93-21-113.

1666 (u) Sales of tangible personal property or services to

1667 the National Multiple Sclerosis Society, Mississippi Chapter.

1668 (v) Retail sales of food for human consumption

1669 purchased with food instruments issued the Mississippi Band of

1670 Choctaw Indians under the Women, Infants and Children Program

1671 (WIC) funded by the United States Department of Agriculture.

1672 (w) Sales of tangible personal property or services to

1673 a private company, as defined in Section 57-61-5, which is making

1674 such purchases with proceeds of bonds issued under Section 57-61-1

1675 et seq., the Mississippi Business Investment Act.

1676 (x) The gross collections from the operation of

1677 self-service, coin-operated car washing equipment and sales of the

1678 service of washing motor vehicles with portable high-pressure
1679 washing equipment on the premises of the customer.

1680 (y) Sales of tangible personal property or services to
1681 the Mississippi Technology Alliance.

1682 (z) Sales of tangible personal property to nonprofit
1683 organizations that provide foster care, adoption services and
1684 temporary housing for unwed mothers and their children if the
1685 organization is exempt from federal income taxation under Section
1686 501(c)(3) of the Internal Revenue Code.

1687 (aa) Sales of tangible personal property to nonprofit
1688 organizations that provide residential rehabilitation for persons
1689 with alcohol and drug dependencies if the organization is exempt
1690 from federal income taxation under Section 501(c)(3) of the
1691 Internal Revenue Code.

1692 (bb) Retail sales of food for human consumption not
1693 purchased with food stamps issued by the United States Department
1694 of Agriculture, or other federal agency, but which would be exempt
1695 under paragraph (o) of this section from the taxes imposed by this
1696 chapter if the food items were purchased with food stamps.

1697 **SECTION 18.** Section 27-67-5, Mississippi Code of 1972, is
1698 amended as follows:

1699 27-67-5. There is * * * levied, assessed and shall be
1700 collected from every person a tax for the privilege of using,
1701 storing or consuming, within this state, any tangible personal
1702 property possession of which is acquired in any manner.

1703 (a) The use tax * * * imposed and levied by this
1704 section shall be collected at the same rates as imposed under
1705 Section 27-65-24, and Sections 27-65-17, 27-65-18, 27-65-19 and
1706 27-65-25 computed on the purchase or sales price, or value, as
1707 defined in this article.

1708 (b) From and after July 1, 2007, items taxed in
1709 paragraph (a) of this section shall be taxed an additional one
1710 percent (1%); however, this additional tax shall not apply to

1711 private carriers of passengers and light carriers of property, as
1712 defined in Section 27-51-101.

1713 (c) It shall be the duty of the tax collectors of the
1714 several counties, or the State Tax Commissioner, as the case may
1715 be, to collect, remit and account for the tax on the use of all
1716 vehicles licensed or registered by the State of Mississippi for
1717 the first time, except when the Mississippi use tax was collected
1718 by an authorized out-of-state dealer at the time of purchase, or
1719 when the use thereof was exempt by Section 27-67-7. The tax
1720 collector or the State Tax Commissioner shall give to the person
1721 registering the vehicle a receipt in a form prescribed and
1722 furnished by the State Tax Commission for the amount of tax
1723 collected.

1724 The tax collector or State Tax Commissioner is expressly
1725 prohibited from issuing a license tag to any applicant without
1726 collecting the tax levied by this article, unless positive proof
1727 is filed, together with the application for the license tag, that
1728 the Mississippi tax has been paid, or that the sale was exempt by
1729 Section 27-67-7.

1730 Persons not engaging and continuing in business so as to be
1731 registered for payment of sales and/or use tax may pay use tax due
1732 on the first use of boats, airplanes, equipment or other tangible
1733 personal property to county tax collectors who are * * *
1734 authorized to accept those payments on behalf of the commissioner.
1735 Receipts for all those payments shall be given to taxpayers in a
1736 form prescribed and furnished by the State Tax Commission.

1737 County tax collectors and the State Tax Commissioner shall be
1738 liable for the tax they are required * * * to collect, and taxes
1739 that are in fact collected under authority of this section; and
1740 failure to properly collect or maintain proper records shall not
1741 relieve them of liability for payment to the commissioner.
1742 Deficiencies in collection or payment shall be assessed against
1743 the tax collector or State Tax Commissioner in the same manner and

1744 subject to the same penalties and provisions for appeal as are
1745 deficiencies assessed against taxpayers.

1746 A dealer authorized to collect and remit the tax to the State
1747 Tax Commission shall give to the purchaser a receipt for the
1748 payment of the tax, in a form prescribed and furnished by the
1749 commissioner, which shall serve as proof of payment to the tax
1750 collector of the county in which the license is to be issued.

1751 Each tax collector of the several counties shall, on or
1752 before the twentieth day of each month, file a report with and pay
1753 to the commissioner all funds collected under the provisions of
1754 this article, less a commission of five percent (5%), which shall
1755 be retained by the tax collector as a commission for collecting
1756 that tax and be deposited in the county general fund. The report
1757 required to be filed shall cover all collections made during the
1758 calendar month next preceding the date on which the report is due
1759 and filed.

1760 Any error in the report and remittance to the commissioner
1761 may be adjusted on a subsequent report. If the error was in the
1762 collection by the tax collector, it shall be adjusted through the
1763 tax collector with the taxpayer before credit is allowed by the
1764 commissioner.

1765 All information relating to the collection of use tax by tax
1766 collectors and such records as the commissioner may require shall
1767 be preserved in the tax collector's office for a period of three
1768 (3) years for audit by the commissioner.

1769 **SECTION 19.** Section 27-67-31, Mississippi Code of 1972, is
1770 amended as follows:

1771 27-67-31. All administrative provisions of the sales tax
1772 law, and amendments thereto, including those that fix damages,
1773 penalties and interest for failure to comply with the provisions
1774 of the sales tax law, and all other requirements and duties
1775 imposed upon the taxpayer, shall apply to all persons liable for
1776 use taxes under the provisions of this article. The commissioner

1777 shall exercise all power and authority and perform all duties with
1778 respect to taxpayers under this article as are provided in the
1779 sales tax law, except where there is conflict, then the provisions
1780 of this article shall control.

1781 The commissioner may require transportation companies to
1782 permit the examination of waybills, freight bills, or other
1783 documents covering shipments of tangible personal property into
1784 this state.

1785 On or before the fifteenth day of each month, the amount
1786 received from taxes, damages and interest under the provisions of
1787 this article during the preceding month shall be paid and
1788 distributed as follows:

1789 (a) On or before July 15, 1994, through July 15, 2000,
1790 and each succeeding month thereafter, two and two hundred
1791 sixty-six one-thousandths percent (2.266%) of the total use tax
1792 revenue collected during the preceding month under the provisions
1793 of this article shall be deposited in the School Ad Valorem Tax
1794 Reduction Fund created under Section 37-61-35. On or before
1795 August 15, 2000, and each succeeding month thereafter, two and two
1796 hundred sixty-six one-thousandths percent (2.266%) of the total
1797 use tax revenue collected during the preceding month under the
1798 provisions of this chapter shall be deposited into the School Ad
1799 Valorem Tax Reduction Fund created under Section 37-61-35 until
1800 such time that the total amount deposited into the fund during a
1801 fiscal year equals Four Million Dollars (\$4,000,000.00).
1802 Thereafter, the amounts diverted under this paragraph (a) during
1803 the fiscal year in excess of Four Million Dollars (\$4,000,000.00)
1804 shall be deposited into the Education Enhancement Fund created
1805 under Section 37-61-33 for appropriation by the Legislature as
1806 other education needs and shall not be subject to the percentage
1807 appropriation requirements set forth in Section 37-61-33.

1808 (b) On or before July 15, 1994, and each succeeding
1809 month thereafter, nine and seventy-three one-thousandths percent

1810 (9.073%) of the total use tax revenue collected during the
1811 preceding month under the provisions of this article shall be
1812 deposited into the Education Enhancement Fund created under
1813 Section 37-61-33.

1814 (c) On or before July 15, 1997, and on or before the
1815 fifteenth day of each succeeding month thereafter, the revenue
1816 collected under the provisions of this article imposed and levied
1817 as a result of Section 27-65-17(2)(a) and the corresponding levy
1818 in Section 27-65-23 on the rental or lease of private carriers of
1819 passengers and light carriers of property as defined in Section
1820 27-51-101 shall be deposited into the Motor Vehicle Ad Valorem Tax
1821 Reduction Fund created under Section 27-51-105.

1822 (d) On or before July 15, 1997, and on or before the
1823 fifteenth day of each succeeding month thereafter and after the
1824 deposits required by paragraphs (a) and (b) of this section are
1825 made, the remaining revenue collected under the provisions of this
1826 article imposed and levied as a result of Section 27-65-17(1) and
1827 the corresponding levy in Section 27-65-23 on the rental or lease
1828 of private carriers of passengers and light carriers of property
1829 as defined in Section 27-51-101 shall be deposited into the Motor
1830 Vehicle Ad Valorem Tax Reduction Fund created under Section
1831 27-51-105.

1832 (e) The remainder of the amount received from taxes,
1833 damages and interest under the provisions of this article shall be
1834 paid into the General Fund of the State Treasury by the
1835 commissioner.

1836 **SECTION 20.** Section 27-69-13, Mississippi Code of 1972, is
1837 amended as follows:

1838 27-69-13. There is * * * imposed, levied and assessed, to be
1839 collected and paid as hereinafter provided in this chapter, an
1840 excise tax on each person or dealer in cigarettes, cigars,
1841 stogies, snuff, chewing tobacco, and smoking tobacco, or

1842 substitutes therefor, upon the sale, use, consumption, handling or
1843 distribution in the State of Mississippi, as follows:

1844 (a) (i) On cigarettes, the rate of tax shall be
1845 Eighteen-twentieths of One Cent (18/20 of 1¢) on each cigarette
1846 sold with a maximum length of one hundred twenty (120)
1847 millimeters; any cigarette in excess of this length shall be taxed
1848 as if it were two (2) or more cigarettes. * * * However, if the
1849 federal tax rate on cigarettes in effect on June 1, 1985, is
1850 reduced, then the rate as provided in this section shall be
1851 increased by the amount of the federal tax reduction. That tax
1852 increase shall take effect on the first day of the month following
1853 the effective date of the reduction in the federal tax rate.

1854 (ii) In addition to the excise tax levied by
1855 paragraph (a)(i) of this subsection, there is levied, imposed and
1856 assessed an excise tax of Eighteen-twentieths of One Cent (18/20
1857 of 1¢) on each cigarette sold with a maximum length of one hundred
1858 twenty (120) millimeters; any cigarette in excess of this length
1859 shall be taxed as if it were two (2) or more cigarettes.

1860 (b) On cigars, cheroots, stogies, snuff, chewing and
1861 smoking tobacco and all other tobacco products except cigarettes,
1862 the rate of tax shall be fifteen percent (15%) of the
1863 manufacturer's list price.

1864 No stamp evidencing the tax * * * levied by this section on
1865 cigarettes shall be of a denomination of less than One Cent (1¢),
1866 and whenever the tax computed at the rates * * * prescribed in
1867 this section on cigarettes shall be a specified amount, plus a
1868 fractional part of One Cent (1¢), the package shall be stamped for
1869 the next full cent * * *.

1870 Every wholesaler shall purchase stamps as provided in this
1871 chapter, and affix the same to all packages of cigarettes handled
1872 by him as * * * provided in this section.

1873 The * * * tax levied by this section is levied upon the sale,
1874 use, gift, possession or consumption of tobacco within the State

1875 of Mississippi, and the impact of the tax levied by this chapter
1876 is * * * declared to be on the vendee, user, consumer or possessor
1877 of tobacco in this state; and when the tax is paid by any other
1878 person, the payment shall be considered as an advance payment and
1879 shall thereafter be added to the price of the tobacco and
1880 recovered from the ultimate consumer or user.

1881 **SECTION 21.** Section 27-69-31, Mississippi Code of 1972, is
1882 amended as follows:

1883 27-69-31. Except as otherwise provided in this section,
1884 dealers subject to the provisions of this chapter shall be
1885 allowed, as compensation for their services in affixing the stamps
1886 herein required, a sum equal to eight percent (8%) of the face
1887 value of the stamps purchased by them, provided that the
1888 commission shall allow no discount on the purchase of stamps by
1889 wholesalers of an aggregate amount of less than One Hundred
1890 Dollars (\$100.00), and by retailers of an aggregate amount of less
1891 than Fifty Dollars (\$50.00) in any one order.

1892 It is further provided that the commissioner may, in his
1893 discretion, either reduce the compensation allowed, or disallow
1894 any compensation for the affixing of stamps, for failure of such
1895 dealer to comply with any provisions of the law or rules and
1896 regulations promulgated by the commissioner.

1897 From and after July 1, 2007, there shall be no compensation
1898 or discount allowed under this section.

1899 **SECTION 22.** Section 27-69-75, Mississippi Code of 1972, is
1900 amended as follows:

1901 27-69-75. All taxes levied by this chapter shall be payable
1902 to the commissioner in cash, or by personal check, cashier's
1903 check, bank exchange, post office money order or express money
1904 order, and shall be deposited by the commissioner in the State
1905 Treasury on the same day collected. No remittance other than cash
1906 shall be a final discharge of liability for the tax herein

1907 assessed and levied, unless and until it has been paid in cash to
1908 the commissioner.

1909 All tobacco taxes collected, including tobacco license taxes,
1910 shall be deposited into the State Treasury to the credit of the
1911 General Fund.

1912 Wholesalers who are entitled to purchase stamps * * * may
1913 have consigned to them, without advance payment, such stamps, if
1914 and when such wholesaler shall give to the commissioner a good and
1915 sufficient bond executed by some surety company authorized to do
1916 business in this state, conditioned to secure the payment for the
1917 stamps so consigned. The commissioner shall require payment for
1918 such stamps not later than thirty (30) days from the date the
1919 stamps were consigned.

1920 **SECTION 23.** This act shall take effect and be in force from
1921 and after July 1, 2007, except for Sections 1 and 2, which shall
1922 take effect and be in force from and after the passage of this
1923 act.