

By: Representative Henley

To: Ways and Means

HOUSE BILL NO. 67

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

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

12 **SECTION 1.** The following provision shall be codified as
 13 Section 27-65-17.2, Mississippi Code of 1972:

14 27-65-17.2. (1) From and after July 1, 2019, through June
 15 30, 2020, retail sales of food for human consumption not purchased
 16 with food stamps issued by the United States Department of
 17 Agriculture, or other federal agency, but which would be exempt
 18 under Section 27-65-111(o) from the taxes imposed by this chapter
 19 if the food items were purchased with food stamps, shall be taxed
 20 at the rate of four and one-half percent (4-1/2%).

21 (2) From and after July 1, 2020, through June 30, 2021,
 22 retail sales of food for human consumption not purchased with food



23 stamps issued by the United States Department of Agriculture, or
24 other federal agency, but which would be exempt under Section
25 27-65-111(o) from the taxes imposed by this chapter if the food
26 items were purchased with food stamps, shall be taxed at the rate
27 of three and one-half percent (3-1/2%).

28 (3) From and after July 1, 2021, through June 30, 2022,
29 retail sales of food for human consumption not purchased with food
30 stamps issued by the United States Department of Agriculture, or
31 other federal agency, but which would be exempt under Section
32 27-65-111(o) from the taxes imposed by this chapter if the food
33 items were purchased with food stamps, shall be taxed at the rate
34 of three percent (3%).

35 (4) From and after July 1, 2022, through June 30, 2023,
36 retail sales of food for human consumption not purchased with food
37 stamps issued by the United States Department of Agriculture, or
38 other federal agency, but which would be exempt under Section
39 27-65-111(o) from the taxes imposed by this chapter if the food
40 items were purchased with food stamps, shall be taxed at the rate
41 of two and one-half percent (2-1/2%).

42 (5) From and after July 1, 2023, through June 30, 2024,
43 retail sales of food for human consumption not purchased with food
44 stamps issued by the United States Department of Agriculture, or
45 other federal agency, but which would be exempt under Section
46 27-65-111(o) from the taxes imposed by this chapter if the food



47 items were purchased with food stamps, shall be taxed at the rate
48 of two percent (2%).

49 (6) From and after July 1, 2024, through June 30, 2025,
50 retail sales of food for human consumption not purchased with food
51 stamps issued by the United States Department of Agriculture, or
52 other federal agency, but which would be exempt under Section
53 27-65-111(o) from the taxes imposed by this chapter if the food
54 items were purchased with food stamps, shall be taxed at the rate
55 of one and one-half percent (1-1/2%).

56 (7) From and after July 1, 2025, through June 30, 2026,
57 retail sales of food for human consumption not purchased with food
58 stamps issued by the United States Department of Agriculture, or
59 other federal agency, but which would be exempt under Section
60 27-65-111(o) from the taxes imposed by this chapter if the food
61 items were purchased with food stamps, shall be taxed at the rate
62 of one percent (1%).

63 (8) From and after July 1, 2026, through June 30, 2027,
64 retail sales of food for human consumption not purchased with food
65 stamps issued by the United States Department of Agriculture, or
66 other federal agency, but which would be exempt under Section
67 27-65-111(o) from the taxes imposed by this chapter if the food
68 items were purchased with food stamps, shall be taxed at the rate
69 of one-half percent (1/2%).

70 (9) This section shall stand repealed from and after July 1,
71 2027.



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

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

80 (b) Retail sales of farm tractors and parts and labor
81 used to maintain and/or repair such tractors shall be taxed at the
82 rate of one and one-half percent (1-1/2%) when made to farmers for
83 agricultural purposes.

84 (c) (i) Retail sales of farm implements sold to
85 farmers and used directly in the production of poultry, ratite,
86 domesticated fish as defined in Section 69-7-501, livestock,
87 livestock products, agricultural crops or ornamental plant crops
88 or used for other agricultural purposes, and parts and labor used
89 to maintain and/or repair such implements, shall be taxed at the
90 rate of one and one-half percent (1-1/2%) when used on the farm.

91 (ii) The one and one-half percent (1-1/2%) rate
92 shall also apply to all equipment used in logging, pulpwood
93 operations or tree farming, and parts and labor used to maintain
94 and/or repair such equipment, which is either:

95 1. Self-propelled, or



96 2. Mounted so that it is permanently attached
97 to other equipment which is self-propelled or permanently attached
98 to other equipment drawn by a vehicle which is self-propelled.

99 In order to be eligible for the rate of tax provided for in
100 this subparagraph (ii), such sales must be made to a professional
101 logger. For the purposes of this subparagraph (ii), a
102 "professional logger" is a person, corporation, limited liability
103 company or other entity, or an agent thereof, who possesses a
104 professional logger's permit issued by the Department of Revenue
105 and who presents the permit to the seller at the time of purchase.
106 The department shall establish an application process for a
107 professional logger's permit to be issued, which shall include a
108 requirement that the applicant submit a copy of documentation
109 verifying that the applicant is certified according to Sustainable
110 Forestry Initiative guidelines. Upon a determination that an
111 applicant is a professional logger, the department shall issue the
112 applicant a numbered professional logger's permit.

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

117 (e) Sales of manufacturing machinery or manufacturing
118 machine parts when made to a manufacturer or custom processor for
119 plant use only when the machinery and machine parts will be used
120 exclusively and directly within this state in manufacturing a



121 commodity for sale, rental or in processing for a fee shall be
122 taxed at the rate of one and one-half percent (1-1/2%).

123 (f) Sales of machinery and machine parts when made to a
124 technology intensive enterprise for plant use only when the
125 machinery and machine parts will be used exclusively and directly
126 within this state for industrial purposes, including, but not
127 limited to, manufacturing or research and development activities,
128 shall be taxed at the rate of one and one-half percent (1-1/2%).
129 In order to be considered a technology intensive enterprise for
130 purposes of this paragraph:

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

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

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

138 (iv) The enterprise shall manufacture plastics,
139 chemicals, automobiles, aircraft, computers or electronics; or
140 shall be a research and development facility, a computer design or
141 related facility, or a software publishing facility or other
142 technology intensive facility or enterprise as determined by the
143 Mississippi Development Authority;



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

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

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

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

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

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



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

175 (l) Sales of the factory-built components of modular
176 homes, panelized homes and precut homes, and panel constructed
177 homes consisting of structural insulated panels, shall be taxed at
178 the rate of three percent (3%).

179 (m) Sales of materials used in the repair, renovation,
180 addition to, expansion and/or improvement of buildings and related
181 facilities used by a dairy producer shall be taxed at the rate of
182 three and one-half percent (3-1/2%). For the purposes of this
183 paragraph (m), "dairy producer" means any person engaged in the
184 production of milk for commercial use.

185 (n) From and after July 1, 2019, through June 30, 2027,
186 retail sales of food for human consumption not purchased with food
187 stamps issued by the United States Department of Agriculture, or
188 other federal agency, but which would be exempt under Section
189 27-65-111(o) from the taxes imposed by this chapter if the food
190 items were purchased with food stamps, shall be taxed as provided
191 for in Section 27-65-17.2.



192 (2) From and after January 1, 1995, retail sales of private
193 carriers of passengers and light carriers of property, as defined
194 in Section 27-51-101, shall be taxed an additional two percent
195 (2%).

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

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

201 27-65-111. The exemptions from the provisions of this
202 chapter which are not industrial, agricultural or governmental, or
203 which do not relate to utilities or taxes, or which are not
204 properly classified as one (1) of the exemption classifications of
205 this chapter, shall be confined to persons or property exempted by
206 this section or by the Constitution of the United States or the
207 State of Mississippi. No exemptions as now provided by any other
208 section, except the classified exemption sections of this chapter
209 set forth herein, shall be valid as against the tax herein levied.
210 Any subsequent exemption from the tax levied hereunder, except as
211 indicated above, shall be provided by amendments to this section.

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

214 The tax levied by this chapter shall not apply to the
215 following:



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

221 Only sales of tangible personal property or services which
222 are ordinary and necessary to the operation of such hospitals and
223 infirmaries are exempted from tax.

224 (b) Sales of daily or weekly newspapers, and
225 periodicals or publications of scientific, literary or educational
226 organizations exempt from federal income taxation under Section
227 501(c) (3) of the Internal Revenue Code of 1954, as it exists as of
228 March 31, 1975, and subscription sales of all magazines.

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

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

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

237 (f) Sales of tangible personal property, labor or
238 services taxable under Sections 27-65-17, 27-65-19 and 27-65-23,
239 to a YMCA, YWCA, a Boys' or Girls' Club owned and operated by a
240 corporation or association in which no part of the net earnings



241 inures to the benefit of any private shareholder, group or
242 individual.

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

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

253 (i) Prescribed for the treatment of a human being
254 by a person authorized to prescribe the medicines, and dispensed
255 or prescription filled by a registered pharmacist in accordance
256 with law; or

257 (ii) Furnished by a licensed physician, surgeon,
258 dentist or podiatrist to his own patient for treatment of the
259 patient; or

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

263 (iv) Sold to a licensed physician, surgeon,
264 podiatrist, dentist or hospital for the treatment of a human
265 being; or



266 (v) Sold to this state or any political
267 subdivision or municipal corporation thereof, for use in the
268 treatment of a human being or furnished for the treatment of a
269 human being by a medical facility or clinic maintained by this
270 state or any political subdivision or municipal corporation
271 thereof.

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

286 Notwithstanding the preceding sentence of this paragraph (h),
287 "medicines" as used in this paragraph (h), shall mean and include
288 sutures, whether or not permanently implanted, bone screws, bone
289 pins, pacemakers and other articles permanently implanted in the



290 human body to assist the functioning of any natural organ, artery,
291 vein or limb and which remain or dissolve in the body.

292 "Hospital," as used in this paragraph (h), shall have the
293 meaning ascribed to it in Section 41-9-3, Mississippi Code of
294 1972.

295 Insulin furnished by a registered pharmacist to a person for
296 treatment of diabetes as directed by a physician shall be deemed
297 to be dispensed on prescription within the meaning of this
298 paragraph (h).

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

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

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

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

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



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

316 (o) Retail sales of food for human consumption

317 purchased with food stamps issued by the United States Department

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

319 1987, or from and after the expiration of any waiver granted

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

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

322 for human consumption purchased with food stamps.

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

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

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

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

327 services to public or private nonprofit museums of art.

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

329 alumni associations of state-supported colleges or universities.

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

331 National Association of Junior Auxiliaries, Inc., and chapters of

332 the National Association of Junior Auxiliaries, Inc.

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

334 domestic violence shelters which qualify for state funding under

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

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

337 the National Multiple Sclerosis Society, Mississippi Chapter.

338 (v) Retail sales of food for human consumption

339 purchased with food instruments issued the Mississippi Band of



340 Choctaw Indians under the Women, Infants and Children Program
341 (WIC) funded by the United States Department of Agriculture.

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

346 (x) The gross collections from the operation of
347 self-service, coin-operated car washing equipment and sales of the
348 service of washing motor vehicles with portable high-pressure
349 washing equipment on the premises of the customer.

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

352 (z) Sales of tangible personal property to nonprofit
353 organizations that provide foster care, adoption services and
354 temporary housing for unwed mothers and their children if the
355 organization is exempt from federal income taxation under Section
356 501(c) (3) of the Internal Revenue Code.

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

362 (bb) Retail sales of an article of clothing or footwear
363 designed to be worn on or about the human body if the sales price
364 of the article is less than One Hundred Dollars (\$100.00) and the



365 sale takes place during a period beginning at 12:01 a.m. on the
366 last Friday in July and ending at 12:00 midnight the following
367 Saturday. This paragraph (bb) shall not apply to:

368 (i) Accessories including jewelry, handbags,
369 luggage, umbrellas, wallets, watches, backpacks, briefcases,
370 garment bags and similar items carried on or about the human body,
371 without regard to whether worn on the body in a manner
372 characteristic of clothing;

373 (ii) The rental of clothing or footwear; and

374 (iii) Skis, swim fins, roller blades, skates and
375 similar items worn on the foot.

376 From and after January 1, 2010, the governing authorities of
377 a municipality, for retail sales occurring within the corporate
378 limits of the municipality, may suspend the application of the
379 exemption provided for in this paragraph (bb) by adoption of a
380 resolution to that effect stating the date upon which the
381 suspension shall take effect. A certified copy of the resolution
382 shall be furnished to the Department of Revenue at least ninety
383 (90) days prior to the date upon which the municipality desires
384 such suspension to take effect.

385 (cc) The gross proceeds of sales of tangible personal
386 property made for the sole purpose of raising funds for a school
387 or an organization affiliated with a school.



388 As used in this paragraph (cc), "school" means any public or
389 private school that teaches courses of instruction to students in
390 any grade from kindergarten through Grade 12.

391 (dd) Sales of durable medical equipment and home
392 medical supplies when ordered or prescribed by a licensed
393 physician for medical purposes of a patient. As used in this
394 paragraph (dd), "durable medical equipment" and "home medical
395 supplies" mean equipment, including repair and replacement parts
396 for the equipment or supplies listed under Title XVIII of the
397 Social Security Act or under the state plan for medical assistance
398 under Title XIX of the Social Security Act, prosthetics,
399 orthotics, hearing aids, hearing devices, prescription eyeglasses,
400 oxygen and oxygen equipment. Payment does not have to be made, in
401 whole or in part, by any particular person to be eligible for this
402 exemption. Purchases of home medical equipment and supplies by a
403 provider of home health services or a provider of hospice services
404 are eligible for this exemption if the purchases otherwise meet
405 the requirements of this paragraph.

406 (ee) Sales of tangible personal property or services to
407 Mississippi Blood Services.

408 (ff) (i) Subject to the provisions of this paragraph
409 (ff), retail sales of firearms, ammunition and hunting supplies if
410 sold during the annual Mississippi Second Amendment Weekend
411 holiday beginning at 12:01 a.m. on the last Friday in August and
412 ending at 12:00 midnight the following Sunday. For the purposes



413 of this paragraph (ff), "hunting supplies" means tangible personal
414 property used for hunting, including, and limited to, archery
415 equipment, firearm and archery cases, firearm and archery
416 accessories, hearing protection, holsters, belts and slings.
417 Hunting supplies does not include animals used for hunting.

418 (ii) This paragraph (ff) shall apply only if one
419 or more of the following occur:

420 1. Title to and/or possession of an eligible
421 item is transferred from a seller to a purchaser; and/or

422 2. A purchaser orders and pays for an
423 eligible item and the seller accepts the order for immediate
424 shipment, even if delivery is made after the time period provided
425 in subparagraph (i) of this paragraph (ff), provided that the
426 purchaser has not requested or caused the delay in shipment.

427 (gg) Sales of nonperishable food items to charitable
428 organizations that are exempt from federal income taxation under
429 Section 501(c)(3) of the Internal Revenue Code and operate a food
430 bank or food pantry or food lines.

431 (hh) Sales of tangible personal property or services to
432 the United Way of the Pine Belt Region, Inc.

433 (ii) Sales of tangible personal property or services to
434 the Mississippi Children's Museum or any subsidiary or affiliate
435 thereof operating a satellite or branch museum within this state.

436 (jj) Sales of tangible personal property or services to
437 the Jackson Zoological Park.



438 (kk) Sales of tangible personal property or services to
439 the Hattiesburg Zoo.

440 (ll) Gross proceeds from sales of food, merchandise or
441 other concessions at an event held solely for religious or
442 charitable purposes at livestock facilities, agriculture
443 facilities or other facilities constructed, renovated or expanded
444 with funds for the grant program authorized under Section 18,
445 Chapter 530, Laws of 1995.

446 (mm) Sales of tangible personal property and services
447 to the Diabetes Foundation of Mississippi and the Mississippi
448 Chapter of the Juvenile Diabetes Research Foundation.

449 (nn) Sales of potting soil, mulch, or other soil
450 amendments used in growing ornamental plants which bear no fruit
451 of commercial value when sold to commercial plant nurseries that
452 operate exclusively at wholesale and where no retail sales can be
453 made.

454 (oo) Sales of tangible personal property or services to
455 the University of Mississippi Medical Center Research Development
456 Foundation.

457 (pp) Sales of tangible personal property or services to
458 Keep Mississippi Beautiful, Inc., and all affiliates of Keep
459 Mississippi Beautiful, Inc.

460 (qq) Sales of tangible personal property or services to
461 the Friends of Children's Hospital.



462 (rr) Sales of tangible personal property or services to
463 the Pinecrest Weekend Backpacks for Kids located in Corinth,
464 Mississippi.

465 (ss) Sales of hearing aids when ordered or prescribed
466 by a licensed physician, audiologist or hearing aid specialist for
467 the medical purposes of a patient.

468 (tt) Sales exempt under the Facilitating Business Rapid
469 Response to State Declared Disasters Act of 2015 (Sections
470 27-113-1 through 27-113-9).

471 (uu) From and after July 1, 2027, retail sales of food
472 for human consumption not purchased with food stamps issued by the
473 United States Department of Agriculture, or other federal agency,
474 but which would be exempt under paragraph (o) of this section from
475 the taxes imposed by this chapter if the food items were purchased
476 with food stamps.

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

479 27-65-75. On or before the fifteenth day of each month, the
480 revenue collected under the provisions of this chapter during the
481 preceding month shall be paid and distributed as follows:

482 (1) (a) On or before August 15, 1992, and each succeeding
483 month thereafter through July 15, 1993, eighteen percent (18%) of
484 the total sales tax revenue collected during the preceding month
485 under the provisions of this chapter, except that collected under
486 the provisions of Sections 27-65-15, 27-65-19(3) and 27-65-21, on



487 business activities within a municipal corporation shall be
488 allocated for distribution to the municipality and paid to the
489 municipal corporation. Except as otherwise provided in this
490 paragraph (a), on or before August 15, 1993, and each succeeding
491 month thereafter July 15, 2019, eighteen and one-half percent
492 (18-1/2%) of the total sales tax revenue collected during the
493 preceding month under the provisions of this chapter, except that
494 collected under the provisions of Sections 27-65-15, 27-65-19(3),
495 27-65-21 and 27-65-24, on business activities within a municipal
496 corporation shall be allocated for distribution to the
497 municipality and paid to the municipal corporation. Except as
498 otherwise provided in this paragraph (a), on or before August 15,
499 2019, and each succeeding month thereafter, twenty percent (20%)
500 of the total sales tax revenue collected during the preceding
501 month under the provisions of this chapter, except that collected
502 under the provisions of Sections 27-65-15, 27-65-19(3) and
503 27-65-21 and 27-65-24, on business activities within a municipal
504 corporation shall be allocated for distribution to the
505 municipality and paid to the municipal corporation. However, in
506 the event the State Auditor issues a certificate of noncompliance
507 pursuant to Section 21-35-31, the Department of Revenue shall
508 withhold ten percent (10%) of the allocations and payments to the
509 municipality that would otherwise be payable to the municipality
510 under this paragraph (a) until such time that the department



511 receives written notice of the cancellation of a certificate of
512 noncompliance from the State Auditor.

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

516 Monies allocated for distribution and credited to a municipal
517 corporation under this paragraph may be pledged as security for a
518 loan if the distribution received by the municipal corporation is
519 otherwise authorized or required by law to be pledged as security
520 for such a loan.

521 In any county having a county seat that is not an
522 incorporated municipality, the distribution provided under this
523 subsection shall be made as though the county seat was an
524 incorporated municipality; however, the distribution to the
525 municipality shall be paid to the county treasury in which the
526 municipality is located, and those funds shall be used for road,
527 bridge and street construction or maintenance in the county.

528 (b) On or before August 15, 2006, and each succeeding
529 month thereafter, eighteen and one-half percent (18-1/2%) of the
530 total sales tax revenue collected during the preceding month under
531 the provisions of this chapter, except that collected under the
532 provisions of Sections 27-65-15, 27-65-19(3) and 27-65-21, on
533 business activities on the campus of a state institution of higher
534 learning or community or junior college whose campus is not
535 located within the corporate limits of a municipality, shall be



536 allocated for distribution to the state institution of higher
537 learning or community or junior college and paid to the state
538 institution of higher learning or community or junior college.

539 (c) On or before August 15, 2018, and each succeeding
540 month thereafter until August 14, 2019, two percent (2%) of the
541 total sales tax revenue collected during the preceding month under
542 the provisions of this chapter, except that collected under the
543 provisions of Sections 27-65-15, 27-65-19(3), 27-65-21 and
544 27-65-24, on business activities within the corporate limits of
545 the City of Jackson, Mississippi, shall be deposited into the
546 Capitol Complex Improvement District Project Fund created in
547 Section 29-5-215. On or before August 15, 2019, and each
548 succeeding month thereafter until August 14, 2020, four percent
549 (4%) of the total sales tax revenue collected during the preceding
550 month under the provisions of this chapter, except that collected
551 under the provisions of Sections 27-65-15, 27-65-19(3), 27-65-21
552 and 27-65-24, on business activities within the corporate limits
553 of the City of Jackson, Mississippi, shall be deposited into the
554 Capitol Complex Improvement District Project Fund created in
555 Section 29-5-215. On or before August 15, 2020, and each
556 succeeding month thereafter, six percent (6%) of the total sales
557 tax revenue collected during the preceding month under the
558 provisions of this chapter, except that collected under the
559 provisions of Sections 27-65-15, 27-65-19(3), 27-65-21 and
560 27-65-24, on business activities within the corporate limits of



561 the City of Jackson, Mississippi, shall be deposited into the
562 Capitol Complex Improvement District Project Fund created in
563 Section 29-5-215.

564 (2) On or before September 15, 1987, and each succeeding
565 month thereafter, from the revenue collected under this chapter
566 during the preceding month, One Million One Hundred Twenty-five
567 Thousand Dollars (\$1,125,000.00) shall be allocated for
568 distribution to municipal corporations as defined under subsection
569 (1) of this section in the proportion that the number of gallons
570 of gasoline and diesel fuel sold by distributors to consumers and
571 retailers in each such municipality during the preceding fiscal
572 year bears to the total gallons of gasoline and diesel fuel sold
573 by distributors to consumers and retailers in municipalities
574 statewide during the preceding fiscal year. The Department of
575 Revenue shall require all distributors of gasoline and diesel fuel
576 to report to the department monthly the total number of gallons of
577 gasoline and diesel fuel sold by them to consumers and retailers
578 in each municipality during the preceding month. The Department
579 of Revenue shall have the authority to promulgate such rules and
580 regulations as is necessary to determine the number of gallons of
581 gasoline and diesel fuel sold by distributors to consumers and
582 retailers in each municipality. In determining the percentage
583 allocation of funds under this subsection for the fiscal year
584 beginning July 1, 1987, and ending June 30, 1988, the Department
585 of Revenue may consider gallons of gasoline and diesel fuel sold



586 for a period of less than one (1) fiscal year. For the purposes
587 of this subsection, the term "fiscal year" means the fiscal year
588 beginning July 1 of a year.

589 (3) On or before September 15, 1987, and on or before the
590 fifteenth day of each succeeding month, until the date specified
591 in Section 65-39-35, the proceeds derived from contractors' taxes
592 levied under Section 27-65-21 on contracts for the construction or
593 reconstruction of highways designated under the highway program
594 created under Section 65-3-97 shall, except as otherwise provided
595 in Section 31-17-127, be deposited into the State Treasury to the
596 credit of the State Highway Fund to be used to fund that highway
597 program. The Mississippi Department of Transportation shall
598 provide to the Department of Revenue such information as is
599 necessary to determine the amount of proceeds to be distributed
600 under this subsection.

601 (4) On or before August 15, 1994, and on or before the
602 fifteenth day of each succeeding month through July 15, 1999, from
603 the proceeds of gasoline, diesel fuel or kerosene taxes as
604 provided in Section 27-5-101(a)(ii)1, Four Million Dollars
605 (\$4,000,000.00) shall be deposited in the State Treasury to the
606 credit of a special fund designated as the "State Aid Road Fund,"
607 created by Section 65-9-17. On or before August 15, 1999, and on
608 or before the fifteenth day of each succeeding month, from the
609 total amount of the proceeds of gasoline, diesel fuel or kerosene
610 taxes apportioned by Section 27-5-101(a)(ii)1, Four Million



611 Dollars (\$4,000,000.00) or an amount equal to twenty-three and
612 one-fourth percent (23-1/4%) of those funds, whichever is the
613 greater amount, shall be deposited in the State Treasury to the
614 credit of the "State Aid Road Fund," created by Section 65-9-17.
615 Those funds shall be pledged to pay the principal of and interest
616 on state aid road bonds heretofore issued under Sections 19-9-51
617 through 19-9-77, in lieu of and in substitution for the funds
618 previously allocated to counties under this section. Those funds
619 may not be pledged for the payment of any state aid road bonds
620 issued after April 1, 1981; however, this prohibition against the
621 pledging of any such funds for the payment of bonds shall not
622 apply to any bonds for which intent to issue those bonds has been
623 published for the first time, as provided by law before March 29,
624 1981. From the amount of taxes paid into the special fund under
625 this subsection and subsection (9) of this section, there shall be
626 first deducted and paid the amount necessary to pay the expenses
627 of the Office of State Aid Road Construction, as authorized by the
628 Legislature for all other general and special fund agencies. The
629 remainder of the fund shall be allocated monthly to the several
630 counties in accordance with the following formula:

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

633 (b) One-third (1/3) shall be allocated to counties
634 based on the proportion that the total number of rural road miles



635 in a county bears to the total number of rural road miles in all
636 counties of the state; and

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

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

644 The amount of funds allocated to any county under this
645 subsection for any fiscal year after fiscal year 1994 shall not be
646 less than the amount allocated to the county for fiscal year 1994.

647 Any reference in the general laws of this state or the
648 Mississippi Code of 1972 to Section 27-5-105 shall mean and be
649 construed to refer and apply to subsection (4) of Section
650 27-65-75.

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

657 (6) An amount each month beginning August 15, 1983, through
658 November 15, 1986, as specified in Section 6, Chapter 542, Laws of
659 1983, shall be paid into the special fund known as the



660 Correctional Facilities Construction Fund created in Section 6,
661 Chapter 542, Laws of 1983.

662 (7) On or before August 15, 1992, and each succeeding month
663 thereafter through July 15, 2000, two and two hundred sixty-six
664 one-thousandths percent (2.266%) of the total sales tax revenue
665 collected during the preceding month under the provisions of this
666 chapter, except that collected under the provisions of Section
667 27-65-17(2), shall be deposited by the department into the School
668 Ad Valorem Tax Reduction Fund created under Section 37-61-35. On
669 or before August 15, 2000, and each succeeding month thereafter,
670 two and two hundred sixty-six one-thousandths percent (2.266%) of
671 the total sales tax revenue collected during the preceding month
672 under the provisions of this chapter, except that collected under
673 the provisions of Section 27-65-17(2), shall be deposited into the
674 School Ad Valorem Tax Reduction Fund created under Section
675 37-61-35 until such time that the total amount deposited into the
676 fund during a fiscal year equals Forty-two Million Dollars
677 (\$42,000,000.00). Thereafter, the amounts diverted under this
678 subsection (7) during the fiscal year in excess of Forty-two
679 Million Dollars (\$42,000,000.00) shall be deposited into the
680 Education Enhancement Fund created under Section 37-61-33 for
681 appropriation by the Legislature as other education needs and
682 shall not be subject to the percentage appropriation requirements
683 set forth in Section 37-61-33.



684 (8) On or before August 15, 1992, and each succeeding month
685 thereafter, nine and seventy-three one-thousandths percent
686 (9.073%) of the total sales tax revenue collected during the
687 preceding month under the provisions of this chapter, except that
688 collected under the provisions of Section 27-65-17(2), shall be
689 deposited into the Education Enhancement Fund created under
690 Section 37-61-33.

691 (9) On or before August 15, 1994, and each succeeding month
692 thereafter, from the revenue collected under this chapter during
693 the preceding month, Two Hundred Fifty Thousand Dollars
694 (\$250,000.00) shall be paid into the State Aid Road Fund.

695 (10) On or before August 15, 1994, and each succeeding month
696 thereafter through August 15, 1995, from the revenue collected
697 under this chapter during the preceding month, Two Million Dollars
698 (\$2,000,000.00) shall be deposited into the Motor Vehicle Ad
699 Valorem Tax Reduction Fund established in Section 27-51-105.

700 (11) Notwithstanding any other provision of this section to
701 the contrary, on or before February 15, 1995, and each succeeding
702 month thereafter, the sales tax revenue collected during the
703 preceding month under the provisions of Section 27-65-17(2) and
704 the corresponding levy in Section 27-65-23 on the rental or lease
705 of private carriers of passengers and light carriers of property
706 as defined in Section 27-51-101 shall be deposited, without
707 diversion, into the Motor Vehicle Ad Valorem Tax Reduction Fund
708 established in Section 27-51-105.



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

718 (13) On or before July 15, 1994, and on or before the
719 fifteenth day of each succeeding month thereafter, that portion of
720 the avails of the tax imposed in Section 27-65-22 that is derived
721 from activities held on the Mississippi State Fairgrounds Complex
722 shall be paid into a special fund that is created in the State
723 Treasury and shall be expended upon legislative appropriation
724 solely to defray the costs of repairs and renovation at the Trade
725 Mart and Coliseum.

726 (14) On or before August 15, 1998, and each succeeding month
727 thereafter through July 15, 2005, that portion of the avails of
728 the tax imposed in Section 27-65-23 that is derived from sales by
729 cotton compresses or cotton warehouses and that would otherwise be
730 paid into the General Fund shall be deposited in an amount not to
731 exceed Two Million Dollars (\$2,000,000.00) into the special fund
732 created under Section 69-37-39. On or before August 15, 2007, and
733 each succeeding month thereafter through July 15, 2010, that



734 portion of the avails of the tax imposed in Section 27-65-23 that
735 is derived from sales by cotton compresses or cotton warehouses
736 and that would otherwise be paid into the General Fund shall be
737 deposited in an amount not to exceed Two Million Dollars
738 (\$2,000,000.00) into the special fund created under Section
739 69-37-39 until all debts or other obligations incurred by the
740 Certified Cotton Growers Organization under the Mississippi Boll
741 Weevil Management Act before January 1, 2007, are satisfied in
742 full. On or before August 15, 2010, and each succeeding month
743 thereafter through July 15, 2011, fifty percent (50%) of that
744 portion of the avails of the tax imposed in Section 27-65-23 that
745 is derived from sales by cotton compresses or cotton warehouses
746 and that would otherwise be paid into the General Fund shall be
747 deposited into the special fund created under Section 69-37-39
748 until such time that the total amount deposited into the fund
749 during a fiscal year equals One Million Dollars (\$1,000,000.00).
750 On or before August 15, 2011, and each succeeding month
751 thereafter, that portion of the avails of the tax imposed in
752 Section 27-65-23 that is derived from sales by cotton compresses
753 or cotton warehouses and that would otherwise be paid into the
754 General Fund shall be deposited into the special fund created
755 under Section 69-37-39 until such time that the total amount
756 deposited into the fund during a fiscal year equals One Million
757 Dollars (\$1,000,000.00).



758 (15) Notwithstanding any other provision of this section to
759 the contrary, on or before September 15, 2000, and each succeeding
760 month thereafter, the sales tax revenue collected during the
761 preceding month under the provisions of Section
762 27-65-19(1) (d) (i)2, and 27-65-19(1) (d) (i)3 shall be deposited,
763 without diversion, into the Telecommunications Ad Valorem Tax
764 Reduction Fund established in Section 27-38-7.

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

772 (b) On or before August 15, 2007, and each succeeding
773 month thereafter, eighty percent (80%) of the sales tax revenue
774 collected during the preceding month under the provisions of this
775 chapter from the operation of a tourism project under the
776 provisions of Sections 57-26-1 through 57-26-5, shall be
777 deposited, after the diversions required in subsections (7) and
778 (8) of this section, into the Tourism Project Sales Tax Incentive
779 Fund created in Section 57-26-3.

780 (17) Notwithstanding any other provision of this section to
781 the contrary, on or before April 15, 2002, and each succeeding
782 month thereafter, the sales tax revenue collected during the



783 preceding month under Section 27-65-23 on sales of parking
784 services of parking garages and lots at airports shall be
785 deposited, without diversion, into the special fund created under
786 Section 27-5-101(d).

787 (18) [Repealed]

788 (19) (a) On or before August 15, 2005, and each succeeding
789 month thereafter, the sales tax revenue collected during the
790 preceding month under the provisions of this chapter on the gross
791 proceeds of sales of a business enterprise located within a
792 redevelopment project area under the provisions of Sections
793 57-91-1 through 57-91-11, and the revenue collected on the gross
794 proceeds of sales from sales made to a business enterprise located
795 in a redevelopment project area under the provisions of Sections
796 57-91-1 through 57-91-11 (provided that such sales made to a
797 business enterprise are made on the premises of the business
798 enterprise), shall, except as otherwise provided in this
799 subsection (19), be deposited, after all diversions, into the
800 Redevelopment Project Incentive Fund as created in Section
801 57-91-9.

802 (b) For a municipality participating in the Economic
803 Redevelopment Act created in Sections 57-91-1 through 57-91-11,
804 the diversion provided for in subsection (1) of this section
805 attributable to the gross proceeds of sales of a business
806 enterprise located within a redevelopment project area under the
807 provisions of Sections 57-91-1 through 57-91-11, and attributable



808 to the gross proceeds of sales from sales made to a business
809 enterprise located in a redevelopment project area under the
810 provisions of Sections 57-91-1 through 57-91-11 (provided that
811 such sales made to a business enterprise are made on the premises
812 of the business enterprise), shall be deposited into the
813 Redevelopment Project Incentive Fund as created in Section
814 57-91-9, as follows:

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

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

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

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



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

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

842 (21) (a) On or before April 15, 2007, and each succeeding
843 month thereafter through June 15, 2013, One Hundred Fifty Thousand
844 Dollars (\$150,000.00) of the sales tax revenue collected during
845 the preceding month under the provisions of this chapter shall be
846 deposited into the MMEIA Tax Incentive Fund created in Section
847 57-101-3.

848 (b) On or before July 15, 2013, and each succeeding
849 month thereafter, One Hundred Fifty Thousand Dollars (\$150,000.00)
850 of the sales tax revenue collected during the preceding month
851 under the provisions of this chapter shall be deposited into the
852 Mississippi Development Authority Job Training Grant Fund created
853 in Section 57-1-451.

854 (22) Notwithstanding any other provision of this section to
855 the contrary, on or before August 15, 2009, and each succeeding



856 month thereafter, the sales tax revenue collected during the
857 preceding month under the provisions of Section 27-65-201 shall be
858 deposited, without diversion, into the Motor Vehicle Ad Valorem
859 Tax Reduction Fund established in Section 27-51-105.

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

863 (24) (a) It shall be the duty of the municipal officials of
864 any municipality that expands its limits, or of any community that
865 incorporates as a municipality, to notify the commissioner of that
866 action thirty (30) days before the effective date. Failure to so
867 notify the commissioner shall cause the municipality to forfeit
868 the revenue that it would have been entitled to receive during
869 this period of time when the commissioner had no knowledge of the
870 action.

871 (b) (i) Except as otherwise provided in subparagraph
872 (ii) of this paragraph, if any funds have been erroneously
873 disbursed to any municipality or any overpayment of tax is
874 recovered by the taxpayer, the commissioner may make correction
875 and adjust the error or overpayment with the municipality by
876 withholding the necessary funds from any later payment to be made
877 to the municipality.

878 (ii) Subject to the provisions of Sections
879 27-65-51 and 27-65-53, if any funds have been erroneously
880 disbursed to a municipality under subsection (1) of this section



881 for a period of three (3) years or more, the maximum amount that
882 may be recovered or withheld from the municipality is the total
883 amount of funds erroneously disbursed for a period of three (3)
884 years beginning with the date of the first erroneous disbursement.
885 However, if during such period, a municipality provides written
886 notice to the Department of Revenue indicating the erroneous
887 disbursement of funds, then the maximum amount that may be
888 recovered or withheld from the municipality is the total amount of
889 funds erroneously disbursed for a period of one (1) year beginning
890 with the date of the first erroneous disbursement.

891 **SECTION 5.** Nothing in this act shall affect or defeat any
892 claim, assessment, appeal, suit, right or cause of action for
893 taxes due or accrued under the sales tax laws before the date on
894 which this act becomes effective, whether such claims,
895 assessments, appeals, suits or actions have been begun before the
896 date on which this act becomes effective or are begun thereafter;
897 and the provisions of the sales tax laws are expressly continued
898 in full force, effect and operation for the purpose of the
899 assessment, collection and enrollment of liens for any taxes due
900 or accrued and the execution of any warrant under such laws before
901 the date on which this act becomes effective, and for the
902 imposition of any penalties, forfeitures or claims for failure to
903 comply with such laws.

904 **SECTION 6.** This act shall take effect and be in force from
905 and after July 1, 2019.

