

By: Senator(s) Sojourner

To: Finance

SENATE BILL NO. 2966

1 AN ACT RELATING TO GOLD AND SILVER BULLION; TO AMEND SECTION
 2 27-7-9, MISSISSIPPI CODE OF 1972, TO PROVIDE THAT CAPITAL GAIN ON
 3 THE SALE OR EXCHANGE OF GOLD OR SILVER BULLION IS EXEMPT FROM
 4 STATE INCOME TAX; TO AMEND SECTION 27-65-111, MISSISSIPPI CODE OF
 5 1972, TO EXEMPT SALES OF INVESTMENT GRADE GOLD OR SILVER BULLION
 6 FROM THE MISSISSIPPI SALES TAX; TO AMEND SECTION 27-105-33,
 7 MISSISSIPPI CODE OF 1972, TO AUTHORIZE AND DIRECT THE STATE
 8 TREASURER TO INVEST NO LESS THAN ONE PERCENT (1%) OF STATE SURPLUS
 9 FUNDS IN GOLD OR SILVER BULLION AND TO ESTABLISH THE MISSISSIPPI
 10 BULLION DEPOSITORY WITH THE OFFICE OF STATE TREASURER FOR THIS
 11 PURPOSE; AND FOR RELATED PURPOSES.

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

13 **SECTION 1.** Section 27-7-9, Mississippi Code of 1972, is
 14 amended as follows:

15 27-7-9. (a) Except as provided in Sections 27-7-95 through
 16 27-7-103, determination of amount of gain or loss.

17 (1) **Computation of gain or loss.** The gain from the
 18 sale or other disposition of property shall be the excess of the
 19 amount realized therefrom over the adjusted basis provided in
 20 subsection (c) for determining gain, and the loss shall be the
 21 excess of the adjusted basis provided in subsection (c) for
 22 determining loss over the amount realized.



23 (2) **Amount realized.** The amount realized from the sale
24 or other disposition of property shall be the sum of any money
25 received plus the fair market value of the property (other than
26 money) received.

27 (3) **Installment sales.** Nothing in this section shall
28 be construed to prevent (in the case of property sold under
29 contract providing for payment in installments) the taxation of
30 that portion of any installment payment representing gain or
31 profit in the year in which such payment is received.

32 (b) **Recognition of gain or loss.** Except as otherwise
33 provided in this section, on the sale or exchange of property the
34 entire amount of the gain or loss, determined under subsection
35 (a), shall be recognized.

36 (c) **Adjusted basis for determining gain or loss.**

37 (1) **In general.** The adjusted basis for determining the
38 gain or loss from the sale or other disposition of property,
39 whenever acquired, shall be the basis determined under subsection
40 (d) adjusted as provided in subsection (e).

41 (2) **Bargain sale to a charitable organization.** If a
42 deduction is allowed under Section 27-7-17 (relating to charitable
43 contributions) by reason of a sale, then the adjusted basis for
44 determining the gain from such sale shall be that portion of the
45 adjusted basis which bears the same ratio to the adjusted basis as
46 the amount realized bears to the fair market value of the
47 property.



48 (d) **Basis of property.**

49 (1) **Property acquired after March 16, 1912.** The basis
50 for ascertaining the gain derived or the loss sustained from the
51 sale or other disposition of property, real, personal or mixed,
52 shall be, in the case of property acquired after March 16, 1912,
53 the cost of such property, except as otherwise provided in this
54 subsection.

55 (2) **Inventory property.** If the property should have
56 been included in the last inventory, the basis shall be the last
57 inventory value thereof.

58 (3) **Property acquired by gift.** In the case of property
59 acquired by gift after January 1, 1936, the basis shall be the
60 same as that which it would have in the hands of the donor or the
61 last preceding owner by whom it was not acquired by gift. If the
62 facts necessary to determine such basis are unknown to the donee,
63 the commissioner shall, if possible, obtain such facts from such
64 donor, or last preceding owner, or any other person cognizant
65 thereof. If the commissioner finds it impossible to obtain such
66 facts, the commissioner shall establish a basis for the property
67 from the best information available. In the case of property
68 acquired by gift on or before January 1, 1936, the basis for
69 ascertaining gain or loss from the sale or other disposition
70 thereof shall be the fair market price or value of such property
71 at the time of acquisition.



72 (4) **Property acquired by bequests, devises and**
73 **inheritance.** If personal property was acquired by specific
74 bequest, or if real property was acquired by general or specific
75 devise or by intestacy, the basis shall be the fair market value
76 of the property at the time of the death of the decedent. If the
77 property was acquired by the decedent's estate from the decedent,
78 the basis in the hands of the estate shall be the fair market
79 value of the property at the time of the death of the decedent.
80 In all other cases, if the property was acquired either by will or
81 by intestacy, the basis shall be the fair market value of the
82 property at the time of the distribution to the taxpayer. In the
83 case of property transferred in trust to pay the income for life
84 to or upon the order or direction of the grantor, with the right
85 reserved to the grantor at all times prior to his death to revoke
86 the trust, the basis of such property in the hands of the persons
87 entitled under the terms of the trust instrument to the property
88 after the grantor's death shall, after such death, be the same as
89 if the trust instrument had been a will executed on the day of the
90 grantor's death.

91 (5) **Property acquired by a transfer in trust.** If the
92 property was acquired by a transfer in trust (other than by a
93 transfer in trust by a bequest or devise), the basis shall be the
94 same as it would be in the hands of the grantor, increased in the
95 amount of gain, or decreased in the amount of loss, recognized to
96 the grantor upon such transfer under this section.



97 (6) **Property acquired in tax-free exchanges.** If the
98 property was acquired upon an exchange described in subsection
99 (f), the basis shall be the same as in the case of the property
100 exchanged, decreased in the amount of any money received by the
101 taxpayer and increased in the amount of gain or decreased in the
102 amount of loss to the taxpayer that was recognized upon such
103 exchange by the terms of this act. If the property so acquired
104 consisted in part of the type of property permitted by subsection
105 (f) to be received without recognition of gain or loss, and in
106 part of other property, the basis provided in this subsection
107 shall be allocated between the properties (other than money)
108 received, and for the purpose of the allocation there shall be
109 assigned to such other property an amount equivalent to its fair
110 market value at the date of the exchange.

111 (7) **Property acquired in tax-free distribution.** If the
112 property consists of stock or securities distributed to a taxpayer
113 in connection with a transaction described in subsection (f), the
114 basis in the case of the stock in respect of which the
115 distribution was made shall be apportioned, under rules and
116 regulations prescribed by the commissioner, between such stock and
117 the stock or securities distributed.

118 (8) **Property acquired in involuntary conversions.** If
119 the property was acquired as the result of a compulsory or
120 involuntary conversion described in subsection (f), the basis
121 shall be the same as in the case of property so converted,



122 decreased in the amount of any money received by the taxpayer
123 which was not expended in accordance with the provisions of said
124 subsection determining the taxable status of the gain or loss upon
125 such conversion, and increased in the amount of gain or decreased
126 in the amount of loss to the taxpayer recognized upon such
127 conversion.

128 (9) **Property acquired in wash sales.** If substantially
129 identical property was acquired in place of stock or securities
130 which were sold or disposed of and in respect of which loss was
131 not allowed as a deduction under Section 27-7-17(d), the basis in
132 the case of property so acquired shall be the basis in the case of
133 the stock or securities so sold or disposed of, except that, if
134 the repurchase price was in excess of the sales price, such basis
135 shall be increased in the amount of the difference, or if the
136 repurchase price was less than the sales price, such basis shall
137 be decreased in the amount of the difference.

138 (10) **Property acquired before March 16, 1912.** The
139 basis for determining the gain or loss from the sale or other
140 disposition of property acquired before March 16, 1912, shall be:

141 (A) The cost of such property (or in the case of
142 such property as is described in subsection (d)(2) or (4) of this
143 section the basis as therein provided, or in the case of property
144 acquired by gift or transfer in trust, the fair market value of
145 such property at the time of such acquisition); or



146 (B) The fair market value of such property as of
147 March 16, 1912, whichever is greater.

148 In determining the fair market value of stock in a
149 corporation as of March 16, 1912, due regard shall be given to the
150 fair market value of the assets of the corporation as of that
151 date.

152 (e) **Adjustments to basis.**

153 (1) **In general.** In computing the amount of gain or
154 loss from the sale or other disposition of property, proper
155 adjustment shall be made for any expenditure, receipt, loss or
156 other item, properly chargeable to capital account since the basis
157 date. The cost or other basis of the property shall also be
158 diminished by the amount of the deductions for exhaustion, wear
159 and tear, obsolescence, amortization and depletion, which have
160 since the acquisition of the property been allowable in respect of
161 such property whether or not such deductions were claimed by the
162 taxpayer or formerly allowed. In the case of stock, the basis
163 shall be diminished by the amount of distributions previously made
164 in respect to such stock, to the extent provided under this
165 section.

166 (2) **Substituted basis.** Whenever it appears that the
167 basis of the property in the hands of a taxpayer is a substituted
168 basis, then the adjustments provided in subsection (e)(1) shall be
169 made after first making in respect of such substituted basis
170 proper adjustments of a similar nature in respect of the period



171 during which the property was held by the transferor, donor or
172 grantor, or during which the other property was held by the person
173 for whom the basis is to be determined. The term "substituted
174 basis" as used in this subsection means a basis determined under
175 any provision of this section or under any corresponding provision
176 of a prior Income Tax Law, providing that the basis shall be
177 determined by reference to the basis in the hands of a transferor,
178 donor or grantor, or, by reference to other property held at any
179 time by the person for whom the basis is to be determined.

180 (f) **Recognition of gain or loss -- exceptions.**

181 (1) **Exchange solely in kind.**

182 (A) **Property held for productive use or**
183 **investment.** No gain or loss shall be recognized if property held
184 for productive use in trade or business or for investment (not
185 including stock in trade or other property held primarily for
186 sale, nor stocks, bonds, notes, choses in action, certificates of
187 trust or beneficial interest, or other securities or evidence of
188 indebtedness or interest) is exchanged solely for property of a
189 like kind to be held either for productive use in trade or
190 business or for investment. In addition, no gain or loss shall be
191 recognized on any exchange of property if no gain or loss is
192 recognized with regard to such exchange under Section 1031 of the
193 Internal Revenue Code.

194 (B) **Stock for stock in same corporation.** No gain
195 or loss shall be recognized if common stock in a corporation is



196 exchanged solely for common stock in the same corporation, or if
197 preferred stock in a corporation is exchanged solely for preferred
198 stock in the same corporation.

199 (C) **Transfers to corporation controlled by**
200 **transferor.** No gain or loss shall be recognized if property is
201 transferred to a corporation by one or more persons solely in
202 exchange for stock or securities in such corporation, and if
203 immediately after the exchange such person or persons are in
204 control of the corporation; but in the case of an exchange by two
205 (2) or more persons, this subsection shall apply only if the
206 amount of the stock and securities received by each is
207 substantially in proportion to his interest in the property prior
208 to the exchange.

209 (D) **Stock for stock on reorganization.** No gain or
210 loss shall be recognized if stock or securities in a corporation,
211 a party to a reorganization, are, in pursuance of the plan of
212 reorganization, exchanged solely for stock or securities in such
213 corporation or in another corporation, a party to a
214 reorganization.

215 (2) **Gain from exchanges not solely in kind.** If an
216 exchange would be within the provisions of subsection (f)(1) of
217 this section, if it were not for the fact that the property
218 received in exchange consists not only of property permitted by
219 subsection (f)(1) to be received without the recognition of gain,
220 but also of other property or money, then the gain, if any, to the



221 recipient shall be recognized, but in an amount not in excess of
222 the sum of such money and the fair market value of such other
223 property so received.

224 (3) **Loss from exchanges not solely in kind.** If an
225 exchange would be within the provisions of subsection (f)(1) of
226 this section, if it were not for the fact that the property
227 received in exchange consists not only of property permitted by
228 subsection (f)(1) to be received without the recognition of gain
229 or loss but also of other property or money, then no loss from the
230 exchange shall be recognized.

231 (4) **Distribution of stock on reorganization.** If in
232 pursuance of a plan of reorganization, there is distributed to a
233 shareholder in a corporation, a party to the reorganization, stock
234 or securities in such corporation or in another corporation, a
235 party to the reorganization, without the surrender by such
236 shareholder of stock or securities in such corporation, no gain to
237 the distributee from the receipt of such stock or securities shall
238 be recognized.

239 (5) **Distribution with effect of taxable dividend.** If a
240 distribution made in pursuance of a plan of reorganization is
241 within the provisions of subsection (f)(4) of this section, but
242 has the effect of the distribution of a taxable dividend, then
243 there shall be taxed as a dividend to each distributee such an
244 amount of the gain recognized under subsection (f)(2) as is not in
245 excess of his ratable share of the undistributed earnings and



246 profits of the corporation. The remainder, if any, of the gain
247 recognized under subsection (f)(2) shall be taxed as a gain from
248 the exchange of property.

249 (6) **Involuntary conversions.** If property, as a result
250 of its destruction, in whole or in part, theft, seizure or
251 requisition or condemnation, or threat or imminence thereof, is
252 compulsorily or involuntarily converted:

253 (A) Into property similar or related in service or
254 use to the property so converted, no gain shall be recognized, but
255 loss shall be recognized;

256 (B) Into money, no gain shall be recognized if
257 such money is expended, within a period ending two (2) years after
258 the close of the first taxable year in which any part of the gain
259 upon the conversion is realized, in the acquisition of other
260 property similar or related in service or use to the property so
261 converted, or in the acquisition of control of a corporation
262 owning such other property, or in the establishment of a
263 replacement fund, but loss shall be recognized. Such two-year
264 period shall be extended to five (5) years with respect to
265 property in the Hurricane Katrina disaster area, as defined in the
266 Katrina Emergency Tax Relief Act of 2005, which is compulsorily or
267 involuntarily converted on or after August 29, 2005, by reason of
268 Hurricane Katrina, but only if substantially all of the use of the
269 replacement property is in such area. If any part of the money is
270 not so expended, the gain shall be recognized to the extent of the



271 money which is not so expended, regardless of whether such money
272 is received in one or more taxable years and regardless of whether
273 or not the money which is not so expended constitutes gain.
274 Provided, gain realized on property which is compulsorily or
275 involuntarily converted for public use under Title 11, Chapter 27,
276 Mississippi Code of 1972, or any federal law relating to the
277 involuntary conversion of property for public use shall not be
278 recognized. Provided further, that gain realized on property
279 which is voluntarily converted for public use shall not be
280 recognized after it becomes evident that eminent domain
281 proceedings are probable.

282 Except as otherwise provided, the provisions of this
283 subsection relating to the nonrecognition of gain, including the
284 exception provided in subparagraph (B), shall apply only to an
285 owner of the converted property who has held title to such
286 property for a period at least three (3) years prior to the date
287 of the disposition of the converted property, provided that an
288 owner who acquired such property by bequest, devise, gift or
289 inheritance shall be excluded from this limitation, if the
290 preceding owner acquired title to such property at least three (3)
291 years prior to the date of disposition. However, no gain shall be
292 recognized on property that is compulsorily or involuntarily
293 converted if no gain is recognized with regard to such property
294 under Section 1033 of the Internal Revenue Code.



295 (7) **Property exchanged treated as equivalent of cash.**
296 When property other than property specified in subsection
297 (f) (1) (A) of this section is exchanged for other property, the
298 property received in exchange shall, for the purpose of
299 determining gain or loss, be treated as the equivalent of cash to
300 the amount of its fair market value.

301 (8) **Distribution of assets of corporation.** The
302 distribution to the taxpayer of the assets of a corporation shall
303 be treated as a sale of the stock or securities of the corporation
304 owned by him, and the gain or loss shall be computed accordingly.

305 (9) **Organization of a corporation.** In the case of the
306 organization of a corporation, the stock and securities received
307 shall be considered to take the place of property transferred
308 therefor, and no gain or loss shall be deemed to arise therefrom.

309 (10) **Sales of certain interests in financial**
310 **institutions domiciled in Mississippi, domestic corporations,**
311 **domestic limited partnerships or domestic limited liability**
312 **companies.** No gain shall be recognized from the sale of
313 authorized shares in financial institutions domiciled in
314 Mississippi and domestic corporations, or partnership interests in
315 domestic limited partnerships and domestic limited liability
316 companies, that have been held for more than one (1) year;
317 however, any gain that would otherwise be excluded by this
318 provision shall first be applied against, and reduced by, any
319 losses determined from sales or transactions described by this



320 provision if the losses were incurred in the year of the gain or
321 within the two (2) years preceding or subsequent to the gain.

322 (g) **Reorganization defined.** The term "reorganization"
323 means:

324 (1) A statutory merger or consolidation;

325 (2) The acquisition by one (1) corporation, in exchange
326 solely for all or a part of its voting stock (or in exchange
327 solely for all or a part of the voting stock of a corporation
328 which is in control of the acquiring corporation), of stock of
329 another corporation if, immediately after the acquisition, the
330 acquiring corporation has control of such other corporation, or of
331 substantially all the properties of another corporation;

332 (3) A transfer by a corporation of all or a part of its
333 assets to another corporation if immediately after the transfer
334 the transferor, or one or more of its shareholders (including
335 persons who were shareholders immediately before the transfer), or
336 any combination thereof, is in control of the corporation to which
337 the assets are transferred;

338 (4) A recapitalization; or

339 (5) A mere change in identity, form or place of
340 organization, however effected.

341 (h) **Party to a reorganization defined.** The term "a party to
342 a reorganization" includes a corporation resulting from a
343 reorganization and includes both corporations in the case of an
344 acquisition by one (1) corporation of at least a majority of the



345 voting stock and at least a majority of the total number of shares
346 of all other classes of stock of another corporation.

347 (i) **Control defined.** As used in this section, the term
348 "control" means the ownership of at least eighty percent (80%) of
349 the voting stock and at least eighty percent (80%) of the total
350 number of shares of all other classes of stock of the corporation.

351 (j) **Special rules.**

352 (1) **Liquidation of subsidiaries.** A transfer to a
353 parent corporation from its subsidiary of property distributed in
354 complete liquidation of the subsidiary shall result in no
355 recognized gain or loss if the basis of the property in the hands
356 of the parent corporation is the same as it was in the hands of
357 the subsidiary.

358 (2) **Gain or loss on sales or exchanges in connection**
359 **with certain liquidations.** Corporations adopting a plan of
360 complete liquidation under the provisions of the Internal Revenue
361 Code shall recognize the gain or loss from the sale or exchange of
362 property by the corporation under said plan. The total gain or
363 loss from the liquidating distributions shall be recognized by the
364 shareholders; however, a credit for the tax paid by the
365 liquidating corporation on the gain from the sale or exchange of
366 property under the plan of liquidation will be allowed to the
367 extent of any tax liability to the shareholders. The corporation
368 shall provide to the Department of Revenue a list of all



369 shareholders with their percentage of ownership, distribution, tax
370 credit allowed and any other information requested.

371 (3) **Distribution of stock and securities of a**
372 **controlled corporation.** No gain shall be recognized on a
373 distribution to a stockholder of a corporation if such gain would
374 not be recognized to such stockholder for federal income tax
375 purposes under the provisions of Section 355 of the Internal
376 Revenue Code. With respect to the distributing corporation, no
377 gain shall be recognized from such distribution provided the
378 distribution is a part of a transaction that qualifies for
379 tax-free treatment under the provisions of Section 355 or
380 368(a)(1)(D) of the Internal Revenue Code. Additionally, with
381 respect to a distributing corporation, no gain shall be recognized
382 from such distribution provided the distribution is pursuant to an
383 overall plan to facilitate an ultimate distribution that qualifies
384 for tax-free treatment under the provisions of Section 355 or
385 368(a)(1)(D) of the Internal Revenue Code.

386 (4) Notwithstanding the other provisions of this
387 section, a corporation or other entity that is involved in
388 restructuring, reorganizing, distributing assets or profits, or
389 changing ownership that results in an adjustment to its asset
390 basis is required to report a gain in the year such transaction
391 occurs on any such transaction when the transaction involves
392 assets owned or used in this state, or otherwise represents assets
393 owned or used in this state. If a transfer of income or a change



394 in asset valuation occurs on the tax records of the taxpayer, such
395 transaction shall result in taxation to this state to the extent
396 of the transfer of income or change in asset valuation.

397 (5) If a corporation or other entity makes an Internal
398 Revenue Code Section 338 election, or other similar election under
399 which the aggregate basis in assets are increased on the tax
400 records of the taxpayer, then a similar election must also be made
401 for Mississippi purposes, but the gain must be recognized by the
402 corporation in which the increase in basis of the assets occurs.
403 The corporation or other entity is allowed to increase its basis
404 by the amount of gain recognized. An aggregate write-down of
405 assets is not allowed. The parent corporation shall recognize the
406 gain on the disposition of its stock.

407 (6) For state tax purposes, a corporation or other
408 legal entity is considered separate from its shareholders,
409 affiliated corporations or other entities. If a corporation or
410 other legal entity enters into any transaction that is for the
411 benefit of its shareholders or for the benefit of an affiliated
412 corporation without an equal mutual business benefit of the
413 corporation, then, the transaction will be adjusted or eliminated
414 to arrive at taxable income to this state. All transactions
415 entered into by a corporation must be at "arms-length." If
416 requested by the commissioner, the taxpayer must be able to
417 substantiate that the transaction occurred at "arms-length." If
418 not, the transaction may be adjusted to the satisfaction of the



419 commissioner. In determining whether the transaction occurred at
420 arms-length, the commissioner shall consider the following:

421 (A) Whether the transaction is in compliance with
422 the federal regulations promulgated under Internal Revenue Code
423 Section 482;

424 (B) Whether the transaction was done for a valid
425 business purpose;

426 (C) Whether the income being shifted by the
427 transaction is subject to a tax in another state;

428 (D) Whether the transaction is consistent with the
429 results that would have been realized if uncontrolled taxpayers
430 had engaged in the same transaction under the same circumstances;
431 and

432 (E) Other factors which support the conclusion
433 that income is being shifted to avoid the tax imposed by this
434 chapter.

435 (k) **Sale or exchange of residence.**

436 (1) **Loss on sale or exchange of residence.** Loss from
437 the sale or exchange of property used by the taxpayer as his
438 principal residence is not recognized and cannot be deducted.

439 (2) **Nonrecognition of gain.** Gain shall be computed in
440 accordance with the provisions of the Internal Revenue Code,
441 rules, regulations and revenue procedures relating to the sale or
442 exchange of a personal residence not in direct conflict with the
443 provisions of the Mississippi Income Tax Law.



444 (3) **Gain on the sale or exchange of residence.** A
445 recognizable gain on the sale or exchange of a personal residence
446 shall be included in gross income and treated as ordinary income.

447 (1) **Distributions by corporations.**

448 (1) Distributions of the property of a corporation,
449 including partial and complete liquidations, shall be recognized
450 by the distributing corporation and the gain or loss shall be
451 computed on the difference of the fair market value of the assets
452 distributed and their basis. The total gain or loss from the
453 distributions to the shareholders shall be recognized by the
454 shareholders subject to subsections (f) (8) and (j) (1); however, a
455 credit for the tax paid by the distributing corporation on the
456 gain from the sale or exchange of property under the plan of
457 distribution will be allowed to the extent of any liability to the
458 shareholders. The corporation shall provide to the Department of
459 Revenue a list of all shareholders with their percentage of
460 ownership, distribution, tax credit allowed and any other
461 information requested.

462 (2) **Source of distributions.** For the purposes of this
463 act, every distribution is made out of earnings or profits to the
464 extent thereof, and from the most recently accumulated earnings
465 and profits. Any earnings or profit accumulated, or increase in
466 value of property acquired, before March 16, 1912, may be
467 distributed exempt from tax (after the earnings and profits
468 accumulated after March 16, 1912, have been distributed), but any



469 such tax-free distribution shall be applied against and reduce the
470 basis of the stock provided in subsection (d).

471 (3) **Distributions in liquidation.** Amounts distributed
472 in complete liquidation of a corporation shall be treated as in
473 full payment in exchange for the stock, and amounts distributed in
474 partial liquidation of a corporation shall be treated as in part
475 or full payment in exchange for the stock. The gain or loss to
476 the distributee resulting from such exchange shall be determined
477 under subsection (a), but shall be recognized only to the extent
478 provided in subsection (f). In the case of amounts distributed in
479 partial liquidation, the part of such distribution which is
480 property chargeable to capital account shall not be considered a
481 distribution of earnings or profits within the meaning of
482 paragraph (2) of this subsection for the purpose of determining
483 the taxability of subsequent distributions by the corporations.

484 (4) **Other distributions.** If any distribution (not in
485 partial or complete liquidation) made by a corporation to its
486 shareholders, is not out of increase in value of property accrued
487 before March 16, 1912, and is not out of earnings or profits, then
488 the amount of such distribution shall be applied against and
489 reduce the basis of the stock provided in subsection (d), and if
490 in excess of such basis, such excess shall be taxable in the same
491 manner as a gain from the sale or exchange of property.

492 (5) **Stock dividends.** A stock dividend shall not be
493 subject to tax.



494 (6) **Cancellation or redemption of stock.** If a
495 corporation cancels or redeems its stock (whether or not such
496 stock was issued as a stock dividend) at such time and in such
497 manner as to make the distribution and cancellation or redemption,
498 in whole or in part, essentially equivalent to the distribution of
499 a taxable dividend, the amount so distributed in redemption or
500 cancellation of the stock, to the extent that it represents a
501 distribution of earnings or profits accumulated after March 16,
502 1912, shall be treated as a taxable dividend.

503 (7) **"Amounts distributed in partial liquidation"**
504 **defined.** As used in this subsection, the term "amounts
505 distributed in partial liquidation" means distribution by a
506 corporation in complete cancellation or redemption of a part of
507 its stock, or one of a series of distributions in complete
508 cancellation or redemption of all or a portion of its stock.

509 (8) **Distributions of stock pursuant to order enforcing**
510 **the Antitrust Laws.** Any distribution of stock which is made
511 pursuant to the order of any court enforcing the Antitrust Laws of
512 the United States, or of any state, shall be a distribution which
513 is not out of earnings and profits of the distributing
514 corporation, but the value of the stock so distributed shall be
515 applied against and reduce the basis of the stock of the
516 distributing corporation provided in subsection (d), and if in
517 excess of such basis, such excess shall be taxable in the same
518 manner as a gain from the sale or exchange of property.



519 (9) For all tax years beginning on or after January 1,
520 2024, no gain or loss shall be recognized on the portion of
521 capital gain on the sale or exchange of gold or silver bullion
522 that is otherwise included in the taxpayer's federal adjusted
523 gross income.

524 **SECTION 2.** Section 27-65-111, Mississippi Code of 1972, is
525 amended as follows:

526 27-65-111. The exemptions from the provisions of this
527 chapter which are not industrial, agricultural or governmental, or
528 which do not relate to utilities or taxes, or which are not
529 properly classified as one (1) of the exemption classifications of
530 this chapter, shall be confined to persons or property exempted by
531 this section or by the Constitution of the United States or the
532 State of Mississippi. No exemptions as now provided by any other
533 section, except the classified exemption sections of this chapter
534 set forth herein, shall be valid as against the tax herein levied.
535 Any subsequent exemption from the tax levied hereunder, except as
536 indicated above, shall be provided by amendments to this section.

537 No exemption provided in this section shall apply to taxes
538 levied by Section 27-65-15 or 27-65-21.

539 The tax levied by this chapter shall not apply to the
540 following:

541 (a) Sales of tangible personal property and services to
542 hospitals or infirmaries owned and operated by a corporation or
543 association in which no part of the net earnings inures to the



544 benefit of any private shareholder, group or individual, and which
545 are subject to and governed by Sections 41-7-123 through 41-7-127.

546 Only sales of tangible personal property or services which
547 are ordinary and necessary to the operation of such hospitals and
548 infirmaries are exempted from tax.

549 (b) Sales of daily or weekly newspapers, and
550 periodicals or publications of scientific, literary or educational
551 organizations exempt from federal income taxation under Section
552 501(c) (3) of the Internal Revenue Code of 1954, as it exists as of
553 March 31, 1975, and subscription sales of all magazines.

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

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

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

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



568 (g) Sales to elementary and secondary grade schools,
569 junior and senior colleges owned and operated by a corporation or
570 association in which no part of the net earnings inures to the
571 benefit of any private shareholder, group or individual, and which
572 are exempt from state income taxation, provided that this
573 exemption does not apply to sales of property or services which
574 are not to be used in the ordinary operation of the school, or
575 which are to be resold to the students or the public.

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

578 (i) Prescribed for the treatment of a human being
579 by a person authorized to prescribe the medicines, and dispensed
580 or prescription filled by a registered pharmacist in accordance
581 with law; or

582 (ii) Furnished by a licensed physician, surgeon,
583 dentist or podiatrist to his own patient for treatment of the
584 patient; or

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

588 (iv) Sold to a licensed physician, surgeon,
589 podiatrist, dentist or hospital for the treatment of a human
590 being; or

591 (v) Sold to this state or any political
592 subdivision or municipal corporation thereof, for use in the



593 treatment of a human being or furnished for the treatment of a
594 human being by a medical facility or clinic maintained by this
595 state or any political subdivision or municipal corporation
596 thereof.

597 "Medicines," as used in this paragraph (h), shall mean and
598 include any substance or preparation intended for use by external
599 or internal application to the human body in the diagnosis, cure,
600 mitigation, treatment or prevention of disease and which is
601 commonly recognized as a substance or preparation intended for
602 such use; provided that "medicines" do not include any auditory,
603 prosthetic, ophthalmic or ocular device or appliance, any dentures
604 or parts thereof or any artificial limbs or their replacement
605 parts, articles which are in the nature of splints, bandages,
606 pads, compresses, supports, dressings, instruments, apparatus,
607 contrivances, appliances, devices or other mechanical, electronic,
608 optical or physical equipment or article or the component parts
609 and accessories thereof, or any alcoholic beverage or any other
610 drug or medicine not commonly referred to as a prescription drug.

611 Notwithstanding the preceding sentence of this paragraph (h),
612 "medicines" as used in this paragraph (h), shall mean and include
613 sutures, whether or not permanently implanted, bone screws, bone
614 pins, pacemakers and other articles permanently implanted in the
615 human body to assist the functioning of any natural organ, artery,
616 vein or limb and which remain or dissolve in the body.



617 The exemption provided in this paragraph (h) shall not apply
618 to medical cannabis sold in accordance with the provisions of the
619 Mississippi Medical Cannabis Act and in compliance with rules and
620 regulations adopted thereunder.

621 "Hospital," as used in this paragraph (h), shall have the
622 meaning ascribed to it in Section 41-9-3, Mississippi Code of
623 1972.

624 Insulin furnished by a registered pharmacist to a person for
625 treatment of diabetes as directed by a physician shall be deemed
626 to be dispensed on prescription within the meaning of this
627 paragraph (h).

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

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

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

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

640 (m) The gross proceeds of retail sales of food and
641 drink for human consumption made through vending machines serviced



642 by full-line vendors from and not connected with other taxable
643 businesses.

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

645 (o) Retail sales of food for human consumption
646 purchased with food stamps issued by the United States Department
647 of Agriculture, or other federal agency, from and after October 1,
648 1987, or from and after the expiration of any waiver granted
649 pursuant to federal law, the effect of which waiver is to permit
650 the collection by the state of tax on such retail sales of food
651 for human consumption purchased with food stamps.

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

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

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

659 (s) Sales of tangible personal property or services to
660 National Association of Junior Auxiliaries, Inc., and chapters of
661 the National Association of Junior Auxiliaries, Inc.

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

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



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

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

675 (x) The gross collections from the operation of
676 self-service, coin-operated car washing equipment and sales of the
677 service of washing motor vehicles with portable high-pressure
678 washing equipment on the premises of the customer.

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

681 (z) Sales of tangible personal property to nonprofit
682 organizations that provide foster care, adoption services and
683 temporary housing for unwed mothers and their children if the
684 organization is exempt from federal income taxation under Section
685 501(c) (3) of the Internal Revenue Code.

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



691 (bb) (i) Retail sales of an article of clothing or
692 footwear designed to be worn on or about the human body and retail
693 sales of school supplies if the sales price of the article of
694 clothing or footwear or school supply is less than One Hundred
695 Dollars (\$100.00) and the sale takes place during a period
696 beginning at 12:01 a.m. on the last Friday in July and ending at
697 12:00 midnight the following Saturday. This paragraph (bb) shall
698 not apply to:

699 1. Accessories including jewelry, handbags,
700 luggage, umbrellas, wallets, watches, briefcases, garment bags and
701 similar items carried on or about the human body, without regard
702 to whether worn on the body in a manner characteristic of
703 clothing;

704 2. The rental of clothing or footwear; and

705 3. Skis, swim fins, roller blades, skates and
706 similar items worn on the foot.

707 (ii) For purposes of this paragraph (bb), "school
708 supplies" means items that are commonly used by a student in a
709 course of study. The following is an all-inclusive list:

710 1. Backpacks;

711 2. Binder pockets;

712 3. Binders;

713 4. Blackboard chalk;

714 5. Book bags;

715 6. Calculators;



- 716 7. Cellophane tape;
- 717 8. Clays and glazes;
- 718 9. Compasses;
- 719 10. Composition books;
- 720 11. Crayons;
- 721 12. Dictionaries and thesauruses;
- 722 13. Dividers;
- 723 14. Erasers;
- 724 15. Folders: expandable, pocket, plastic and
725 manila;
- 726 16. Glue, paste and paste sticks;
- 727 17. Highlighters;
- 728 18. Index card boxes;
- 729 19. Index cards;
- 730 20. Legal pads;
- 731 21. Lunch boxes;
- 732 22. Markers;
- 733 23. Notebooks;
- 734 24. Paintbrushes for artwork;
- 735 25. Paints: acrylic, tempera and oil;
- 736 26. Paper: loose-leaf ruled notebook paper,
737 copy paper, graph paper, tracing paper, manila paper, colored
738 paper, poster board and construction paper;
- 739 27. Pencil boxes and other school supply
740 boxes;



- 741 28. Pencil sharpeners;
742 29. Pencils;
743 30. Pens;
744 31. Protractors;
745 32. Reference books;
746 33. Reference maps and globes;
747 34. Rulers;
748 35. Scissors;
749 36. Sheet music;
750 37. Sketch and drawing pads;
751 38. Textbooks;
752 39. Watercolors;
753 40. Workbooks; and
754 41. Writing tablets.

755 (iii) From and after January 1, 2010, the
756 governing authorities of a municipality, for retail sales
757 occurring within the corporate limits of the municipality, may
758 suspend the application of the exemption provided for in this
759 paragraph (bb) by adoption of a resolution to that effect stating
760 the date upon which the suspension shall take effect. A certified
761 copy of the resolution shall be furnished to the Department of
762 Revenue at least ninety (90) days prior to the date upon which the
763 municipality desires such suspension to take effect.



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

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

770 (dd) Sales of durable medical equipment and home
771 medical supplies when ordered or prescribed by a licensed
772 physician for medical purposes of a patient. As used in this
773 paragraph (dd), "durable medical equipment" and "home medical
774 supplies" mean equipment, including repair and replacement parts
775 for the equipment or supplies listed under Title XVIII of the
776 Social Security Act or under the state plan for medical assistance
777 under Title XIX of the Social Security Act, prosthetics,
778 orthotics, hearing aids, hearing devices, prescription eyeglasses,
779 oxygen and oxygen equipment. Payment does not have to be made, in
780 whole or in part, by any particular person to be eligible for this
781 exemption. Purchases of home medical equipment and supplies by a
782 provider of home health services or a provider of hospice services
783 are eligible for this exemption if the purchases otherwise meet
784 the requirements of this paragraph.

785 (ee) Sales of tangible personal property or services to
786 Mississippi Blood Services.

787 (ff) (i) Subject to the provisions of this paragraph
788 (ff), retail sales of firearms, ammunition and hunting supplies if



789 sold during the annual Mississippi Second Amendment Weekend
790 holiday beginning at 12:01 a.m. on the last Friday in August and
791 ending at 12:00 midnight the following Sunday. For the purposes
792 of this paragraph (ff), "hunting supplies" means tangible personal
793 property used for hunting, including, and limited to, archery
794 equipment, firearm and archery cases, firearm and archery
795 accessories, hearing protection, holsters, belts and slings.
796 Hunting supplies does not include animals used for hunting.

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

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

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

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

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



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

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

817 (kk) Sales of tangible personal property or services to
818 the Hattiesburg Zoo.

819 (ll) Gross proceeds from sales of food, merchandise or
820 other concessions at an event held solely for religious or
821 charitable purposes at livestock facilities, agriculture
822 facilities or other facilities constructed, renovated or expanded
823 with funds for the grant program authorized under Section 18,
824 Chapter 530, Laws of 1995.

825 (mm) Sales of tangible personal property and services
826 to the Diabetes Foundation of Mississippi and the Mississippi
827 Chapter of the Juvenile Diabetes Research Foundation.

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

833 (oo) Sales of tangible personal property or services to
834 the University of Mississippi Medical Center Research Development
835 Foundation.



836 (pp) Sales of tangible personal property or services to
837 Keep Mississippi Beautiful, Inc., and all affiliates of Keep
838 Mississippi Beautiful, Inc.

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

841 (rr) Sales of tangible personal property or services to
842 the Pinecrest Weekend Backpacks for Kids located in Corinth,
843 Mississippi.

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

847 (tt) Sales exempt under the Facilitating Business Rapid
848 Response to State Declared Disasters Act of 2015 (Sections
849 27-113-1 through 27-113-9).

850 (uu) Sales of tangible personal property or services to
851 the Junior League of Jackson.

852 (vv) Sales of tangible personal property or services to
853 the Mississippi's Toughest Kids Foundation for use in the
854 construction, furnishing and equipping of buildings and related
855 facilities and infrastructure at Camp Kamassa in Copiah County,
856 Mississippi. This paragraph (vv) shall stand repealed on July 1,
857 2025.

858 (wv) Sales of tangible personal property or services to
859 MS Gulf Coast Buddy Sports, Inc.



860 (xx) Sales of tangible personal property or services to
861 Biloxi Lions, Inc.

862 (yy) Sales of tangible personal property or services to
863 Lions Sight Foundation of Mississippi, Inc.

864 (zz) Sales of tangible personal property and services
865 to the Goldring/Woldenberg Institute of Southern Jewish Life
866 (ISJL).

867 (aaa) Sales of investment grade gold or silver bullion.
868 For purposes of this paragraph (aaa), "bullion" means precious
869 metals that are formed into uniform shapes and quantities such as
870 ingots, bars or plates, with uniform content and purity, as are
871 suitable for or customarily used in the purchase, sale, storage,
872 transfer and delivery of bulk or wholesale transactions in
873 precious metals.

874 **SECTION 3.** Section 27-105-33, Mississippi Code of 1972, is
875 amended as follows:

876 27-105-33. It shall be the duty of the State Treasurer and
877 the Executive Director of the Department of Finance and
878 Administration on or about the tenth day of each month, and in
879 their discretion at any other time, to analyze carefully the
880 amount of cash in the General Fund of the state and in all special
881 funds credited to any special purpose designated by the State
882 Legislature or held to meet the budgets or appropriations for
883 maintenance, improvements and services of the several
884 institutions, boards, departments, commissions, agencies, persons



885 or entities of the state, and to determine in their opinion when
886 the cash in such funds is in excess of the amount required to meet
887 the current needs and demands of no more than seven (7) business
888 days on such funds and report their findings to the Governor. It
889 shall be the duty of the State Treasurer to provide a cash flow
890 model for forecasting revenues and expenditures on a bimonthly
891 basis and providing technical assistance for its operation. The
892 Department of Finance and Administration shall use the cash flow
893 model furnished by the State Treasurer, in analyzing the amount of
894 funds on deposit and available for investment.

895 The State Treasurer is hereby authorized, empowered and
896 directed to invest all such excess general and special funds of
897 the state in the following manner:

898 (a) Funds shall be allocated equally among all
899 qualified state depositories which do not have demand accounts in
900 excess of One Hundred Fifty Thousand Dollars (\$150,000.00) until
901 each qualified depository willing to accept the same shall have on
902 deposit or in security repurchase agreements or in other
903 securities authorized in paragraph (d) of this section at interest
904 the sum of Three Hundred Thousand Dollars (\$300,000.00). For the
905 purposes of this subsection, no branch bank or branch office shall
906 be counted as a separate depository.

907 (b) The balance, if any, of such excess general and
908 special funds shall be offered to qualified depositories of the
909 state on a pro rata basis as provided in Section 27-105-9. For



910 the purposes of this subsection, the pro rata share of each
911 depository shall be reduced by the amount of the average daily
912 collected earning balance of demand deposits maintained by the
913 State Treasurer pursuant to Section 27-105-9 during the preceding
914 calendar year, and such reduction shall be allocated pro rata
915 among other eligible depositories.

916 (c) Funds offered pursuant to paragraphs (a) and (b)
917 above shall be invested for periods of up to one (1) year, and
918 shall bear interest at an interest rate no less than that
919 numerically equal to the bond equivalent yield on direct
920 obligations of the United States Treasury of comparable maturity,
921 as determined by the State Treasurer. In determining such rate,
922 the State Treasurer shall consider the Legislature's desire to
923 distribute funds equitably throughout the state to the maximum
924 extent possible.

925 (d) To the extent that the State Treasurer shall find
926 that general and special funds cannot be invested pursuant to
927 paragraphs (a), (b) and (c) of this section for the stated
928 maturity up to one (1) year, the Treasurer may invest such funds,
929 together with any other funds required for current operation, as
930 determined pursuant to this section, in the following:

931 (i) Time certificates of deposit or
932 interest-bearing accounts with qualified state depositories. For
933 those funds determined under prudent judgment of the State
934 Treasurer to be made available for investment in time certificates



935 of deposit, the rate of interest paid by the depositories shall be
936 determined by rules and regulations adopted and promulgated by the
937 State Treasurer which may include competitive bids. At the time
938 of investment, the interest rate on such certificates of deposit
939 under the provisions of this subparagraph shall be a rate not less
940 than the bond equivalent yield on direct obligations of the United
941 States Treasury with a similar length of maturity.

942 (ii) Direct United States Treasury obligations,
943 the principal and interest of which are fully guaranteed by the
944 government of the United States.

945 (iii) United States government agency, United
946 States government instrumentality or United States government
947 sponsored enterprise obligations, the principal and interest of
948 which are fully guaranteed by the government of the United States,
949 such as the Government National Mortgage Association; or United
950 States governmental agency, United States government
951 instrumentality or United States government sponsored enterprise
952 obligations, the principal and interest of which are guaranteed by
953 any United States government agency, United States government
954 instrumentality or United States government sponsored enterprise
955 contained in a list promulgated by the State Treasurer.

956 (iv) Direct security repurchase agreements and
957 reverse direct security repurchase agreements of any federal book
958 entry of only those securities enumerated in subparagraphs (ii)
959 and (iii) above. "Direct security repurchase agreement" means an



960 agreement under which the state buys, holds for a specified time,
961 and then sells back those securities and obligations enumerated in
962 subparagraphs (ii) and (iii) above. "Reverse direct securities
963 repurchase agreement" means an agreement under which the state
964 sells and after a specified time buys back any of the securities
965 and obligations enumerated in subparagraphs (ii) and (iii) above.
966 At least eighty percent (80%) of the total dollar amount in all
967 repurchase agreements at any one time shall be pursuant to
968 contracts with qualified state depositories.

969 (v) Bonds issued, assumed or guaranteed by the
970 Country of Israel, provided that:

971 1. Investments in such instruments shall be
972 denominated in United States currency;

973 2. Such bonds must be of investment grade as
974 rated by at least one (1) nationally recognized statistical rating
975 agency; and

976 3. The amount of funds invested in such bonds
977 at any time shall not exceed Twenty Million Dollars
978 (\$20,000,000.00).

979 (e) For the purposes of this section, direct
980 obligations issued by the United States of America shall be deemed
981 to include securities of, or other interests in, any open-end or
982 closed-end management type investment company or investment trust
983 registered under the provisions of 15 USCS Section 80(a)-1 et
984 seq., provided that the portfolio of such investment company or



985 investment trust is limited to direct obligations issued by the
986 United States of America, United States government agencies,
987 United States government instrumentalities or United States
988 government sponsored enterprises, and to repurchase agreements
989 fully collateralized by direct obligations of the United States of
990 America, United States government agencies, United States
991 government instrumentalities or United States government sponsored
992 enterprises, and the investment company or investment trust takes
993 delivery of such collateral for the repurchase agreement, either
994 directly or through an authorized custodian. The State Treasurer
995 and the Executive Director of the Department of Finance and
996 Administration shall review and approve the investment companies
997 and investment trusts in which funds invested under paragraph (d)
998 of this section may be invested. The total dollar amount of funds
999 invested in all open-end and closed-end management type investment
1000 companies and investment trusts at any one time shall not exceed
1001 twenty percent (20%) of the total dollar amount of funds invested
1002 under paragraph (d) of this section.

1003 (f) Investments authorized by subparagraphs (ii) and
1004 (iii) of paragraph (d) shall mature on such date or dates as
1005 determined by the State Treasurer in the exercise of prudent
1006 judgment to generate a favorable return to the state and will
1007 allow the monies to be available for use at such time as the
1008 monies will be needed for state purposes. However, the maturity
1009 of securities purchased as enumerated in subparagraphs (ii) and



1010 (iii) shall not exceed ten (10) years from date of purchase.
1011 Special funds shall be considered those funds created
1012 constitutionally, statutorily or administratively which are not
1013 considered general funds. All funds invested for a period of
1014 thirty (30) days or longer under paragraph (d) shall bear a rate
1015 at least equal to the current established rate under paragraph (c)
1016 of this section.

1017 (g) Any interest-bearing deposits or certificates of
1018 deposit shall not exceed at any time the amount insured by the
1019 Federal Deposit Insurance Corporation in any one (1) banking
1020 institution, the Federal Savings and Loan Insurance Corporation in
1021 any one (1) savings and loan association, or other deposit
1022 insurance corporation approved by the State Treasurer, unless the
1023 uninsured portion is collateralized by the pledge of securities in
1024 the manner provided by Section 27-105-5.

1025 (h) Unless otherwise provided, income from investments
1026 authorized by the provisions of this subsection shall be credited
1027 to the State General Fund.

1028 (i) Not more than Five Hundred Thousand Dollars
1029 (\$500,000.00) of funds may be invested with foreign financial
1030 institutions, and the State Treasurer may enter into price
1031 contracts for the purchase or exchange of foreign currency or
1032 other arrangements for currency exchange in an amount not to
1033 exceed Five Hundred Thousand Dollars (\$500,000.00) upon specific
1034 direction of the Department of Economic and Community Development.



1035 The State Treasurer shall promulgate all rules and regulations for
1036 applications, qualifications and any other necessary matters for
1037 foreign financial institutions.

1038 Any liquidating agent of a depository in liquidation,
1039 voluntary or involuntary, shall redeem from the state any bonds
1040 and securities which have been pledged to secure state funds and
1041 such redemption shall be at the par value or market value thereof,
1042 whichever is greater; otherwise, the liquidating agent or receiver
1043 may pay off the state in full for its deposits and retrieve the
1044 pledged securities without regard to par or market value.

1045 The State Treasurer and the Executive Director of the
1046 Department of Finance and Administration shall make monthly
1047 reports to the Legislative Budget Office containing a full and
1048 complete statement of all funds invested by virtue of the
1049 provisions of this section and the revenues derived therefrom and
1050 the expenses incurred therewith, together with all such other
1051 information as may seem to each of them as being pertinent to
1052 inform fully the Mississippi Legislature with reference thereto.

1053 The State Treasurer shall not deposit any funds on demand
1054 deposit with any authorized depository, unless such depository has
1055 contracted for interest-bearing accounts or time certificates of
1056 deposit.

1057 Notwithstanding the foregoing, any financial institution not
1058 meeting the prescribed ratio requirement set forth in Section
1059 27-105-5 whose accounts are insured by the Federal Deposit



1060 Insurance Corporation, or any successor to that insurance
1061 corporation, may receive state funds in an amount not exceeding
1062 the amount which is insured by such insurance corporations and may
1063 qualify as a state depository to the extent of such insurance for
1064 this purpose only. The paid-in and earned capital funds of such
1065 financial institution shall not be included in the computations
1066 specified in Section 27-105-9(a) and (b).

1067 (j) (i) The State Treasurer shall invest no less than
1068 one percent (1%) of the excess general and special funds of the
1069 state in gold or silver bullion.

1070 (ii) The Mississippi Bullion Depository is hereby
1071 established as an agency of the state within the State Treasurer's
1072 Office. The depository is established to serve as the custodian,
1073 guardian, an administrator of gold and silver bullion that may be
1074 transferred to or otherwise acquired by the state or any
1075 department thereof pursuant to this paragraph (j).

1076 (iii) For purposes of this paragraph (j),
1077 "bullion" means precious metals that are formed into uniform
1078 shapes and quantities such as ingots, bars or plates, with uniform
1079 content and purity, as are suitable for or customarily used in the
1080 purchase, sale, storage, transfer and delivery of bulk or
1081 wholesale transactions in precious metals.

1082 **SECTION 4.** This act shall take effect and be in force from
1083 and after July 1, 2023.

