

By: Senator(s) Burton

To: Finance

## SENATE BILL NO. 2043

1 AN ACT TO AMEND SECTION 27-7-15, MISSISSIPPI CODE OF 1972, TO  
2 INCREASE THE AMOUNT OF COMPENSATION RECEIVED BY A MEMBER OF THE  
3 NATIONAL GUARD OR RESERVE FORCES OF THE UNITED STATES AS PAYMENT  
4 FOR INACTIVE DUTY TRAINING, ACTIVE DUTY TRAINING AND STATE ACTIVE  
5 DUTY, THAT IS EXEMPT FROM TAXATION UNDER THE STATE INCOME TAX LAW  
6 FORM \$5,000.00 TO \$15,000.00.

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

8 **SECTION 1.** Section 27-7-15, Mississippi Code of 1972, is  
9 amended as follows:

10 [ \* \* \* Through June 30, 2003, this section shall read as  
11 follows:]

12 27-7-15. (1) For the purposes of this article, except as  
13 otherwise provided, the term "gross income" means and includes the  
14 income of a taxpayer derived from salaries, wages, fees or  
15 compensation for service, of whatever kind and in whatever form  
16 paid, including income from governmental agencies and subdivisions  
17 thereof; or from professions, vocations, trades, businesses,  
18 commerce or sales, or renting or dealing in property, or  
19 reacquired property; also from annuities, interest, rents,  
20 dividends, securities, insurance premiums, reinsurance premiums,  
21 considerations for supplemental insurance contracts, or the  
22 transaction of any business carried on for gain or profit, or  
23 gains, or profits, and income derived from any source whatever and  
24 in whatever form paid. The amount of all such items of income  
25 shall be included in the gross income for the taxable year in  
26 which received by the taxpayer. The amount by which an eligible  
27 employee's salary is reduced pursuant to a salary reduction  
28 agreement authorized under Section 25-17-5 shall be excluded from  
29 the term "gross income" within the meaning of this article.



30           (2) In determining gross income for the purpose of this  
31 section, the following, under regulations prescribed by the  
32 commissioner, shall be applicable:

33           (a) Dealers in property. Federal rules, regulations  
34 and revenue procedures shall be followed with respect to  
35 installment sales unless a transaction results in the shifting of  
36 income from inside the state to outside the state.

37           (b) Casual sales of property.

38           (i) Prior to January 1, 2001, federal rules,  
39 regulations and revenue procedures shall be followed with respect  
40 to installment sales except they shall be applied and administered  
41 as if H.R. 3594, the Installment Tax Correction Act of 2000 of the  
42 106th Congress had not been enacted. This provision will  
43 generally affect taxpayers, reporting on the accrual method of  
44 accounting, entering into installment note agreements on or after  
45 December 17, 1999. Any gain or profit resulting from the casual  
46 sale of property will be recognized in the year of sale.

47           (ii) From and after January 1, 2001, federal  
48 rules, regulations and revenue procedures shall be followed with  
49 respect to installment sales except as provided in this  
50 subparagraph (ii). Gain or profit from the casual sale of  
51 property shall be recognized in the year of sale. When a taxpayer  
52 recognizes gain on the casual sale of property in which the gain  
53 is deferred for federal income tax purposes, a taxpayer may elect  
54 to defer the payment of tax resulting from the gain as allowed and  
55 to the extent provided under regulations prescribed by the  
56 commissioner. If the payment of the tax is made on a deferred  
57 basis, the tax shall be computed based on the applicable rate for  
58 the income reported in the year the payment is made. Except as  
59 otherwise provided in subparagraph (iii) of this paragraph (b),  
60 deferring the payment of the tax shall not affect the liability  
61 for the tax. If at any time the installment note is sold,  
62 contributed, transferred or disposed of in any manner and for any



63 purpose by the original note holder, or the original note holder  
64 is merged, liquidated, dissolved or withdrawn from this state,  
65 then all deferred tax payments under this section shall  
66 immediately become due and payable.

67 (iii) If the selling price of the property is  
68 reduced by any alteration in the terms of an installment note,  
69 including default by the purchaser, the gain to be recognized is  
70 recomputed based on the adjusted selling price in the same manner  
71 as for federal income tax purposes. The tax on this amount, less  
72 the previously paid tax on the recognized gain, is payable over  
73 the period of the remaining installments. If the tax on the  
74 previously recognized gain has been paid in full to this state,  
75 the return on which the payment was made may be amended for this  
76 purpose only. The statute of limitations in Section 27-7-49 shall  
77 not bar an amended return for this purpose.

78 (c) Reserves of insurance companies. In the case of  
79 insurance companies, any amounts in excess of the legally required  
80 reserves shall be included as gross income.

81 (d) Affiliated companies or persons. As regards sales,  
82 exchanges or payments for services from one to another of  
83 affiliated companies or persons or under other circumstances where  
84 the relation between the buyer and seller is such that gross  
85 proceeds from the sale or the value of the exchange or the payment  
86 for services are not indicative of the true value of the subject  
87 matter of the sale, exchange or payment for services, the  
88 commissioner shall prescribe uniform and equitable rules for  
89 determining the true value of the gross income, gross sales,  
90 exchanges or payment for services, or require consolidated returns  
91 of affiliates.

92 (e) Alimony and separate maintenance payments. The  
93 federal rules, regulations and revenue procedures in determining  
94 the deductibility and taxability of alimony payments shall be  
95 followed in this state.



96           (f) Reimbursement for expenses of moving. There shall  
97 be included in gross income (as compensation for services) any  
98 amount received or accrued, directly or indirectly, by an  
99 individual as a payment for or reimbursement of expenses of moving  
100 from one residence to another residence which is attributable to  
101 employment or self-employment.

102           (3) In the case of taxpayers other than residents, gross  
103 income includes gross income from sources within this state.

104           (4) The words "gross income" do not include the following  
105 items of income which shall be exempt from taxation under this  
106 article:

107           (a) The proceeds of life insurance policies and  
108 contracts paid upon the death of the insured. However, the income  
109 from the proceeds of such policies or contracts shall be included  
110 in the gross income.

111           (b) The amount received by the insured as a return of  
112 premium or premiums paid by him under life insurance policies,  
113 endowment, or annuity contracts, either during the term or at  
114 maturity or upon surrender of the contract.

115           (c) The value of property acquired by gift, bequest,  
116 devise or descent, but the income from such property shall be  
117 included in the gross income.

118           (d) Interest upon the obligations of the United States  
119 or its possessions, or securities issued under the provisions of  
120 the Federal Farm Loan Act of July 17, 1916, or bonds issued by the  
121 War Finance Corporation, or obligations of the State of  
122 Mississippi or political subdivisions thereof.

123           (e) The amounts received through accident or health  
124 insurance as compensation for personal injuries or sickness, plus  
125 the amount of any damages received for such injuries or such  
126 sickness or injuries, or through the War Risk Insurance Act, or  
127 any law for the benefit or relief of injured or disabled members  
128 of the military or naval forces of the United States.



(f) Income received by any religious denomination or by any institution or trust for moral or mental improvements, religious, Bible, tract, charitable, benevolent, fraternal, missionary, hospital, infirmary, educational, scientific, literary, library, patriotic, historical or cemetery purposes or for two (2) or more of such purposes, if such income be used exclusively for carrying out one or more of such purposes.

(g) Income received by a domestic corporation which is "taxable in another state" as this term is defined in this article, derived from business activity conducted outside this state. Domestic corporations taxable both within and without the state shall determine Mississippi income on the same basis as provided for foreign corporations under the provisions of this article.

(h) In case of insurance companies, there shall be excluded from gross income such portion of actual premiums received from an individual policyholder as is paid back or credited to or treated as an abatement of premiums of such policyholder within the taxable year.

(i) Income from dividends that has already borne a tax as dividend income under the provisions of this article, when such dividends may be specifically identified in the possession of the recipient.

(j) Amounts paid by the United States to a person as added compensation for hazardous duty pay as a member of the Armed Forces of the United States in a combat zone designated by Executive Order of the President of the United States.

(k) Amounts received as retirement allowances, pensions, annuities or optional retirement allowances paid under the federal Social Security Act, the Railroad Retirement Act, the Federal Civil Service Retirement Act, or any other retirement system of the United States government, retirement allowances paid under the Mississippi Public Employees' Retirement System,



Mississippi Highway Safety Patrol Retirement System or any other retirement system of the State of Mississippi or any political subdivision thereof. The exemption allowed under this paragraph (k) shall be available to the spouse or other beneficiary at the death of the primary retiree.

(l) Amounts received as retirement allowances, pensions, annuities or optional retirement allowances paid by any public or governmental retirement system not designated in paragraph (k) or any private retirement system or plan of which the recipient was a member at any time during the period of his employment. Amounts received as a distribution under a Roth Individual Retirement Account shall be treated in the same manner as provided under the Internal Revenue Code of 1986, as amended. The exemption allowed under this paragraph (l) shall be available to the spouse or other beneficiary at the death of the primary retiree.

(m) Compensation not to exceed the aggregate sum of Fifteen Thousand Dollars (\$15,000.00) for any taxable year received by a member of the National Guard or Reserve Forces of the United States as payment for inactive duty training, active duty training and state active duty.

(n) Compensation received for active service as a member below the grade of commissioned officer and so much of the compensation as does not exceed the aggregate sum of Five Hundred Dollars (\$500.00) per month received for active service as a commissioned officer in the Armed Forces of the United States for any month during any part of which such members of the Armed Forces (i) served in a combat zone as designated by Executive Order of the President of the United States; or (ii) was hospitalized as a result of wounds, disease or injury incurred while serving in such combat zone.

(o) The proceeds received from federal and state forestry incentives programs.



(p) The amount representing the difference between the increase of gross income derived from sales for export outside the United States as compared to the preceding tax year wherein gross income from export sales was highest, and the net increase in expenses attributable to such increased exports. In the absence of direct accounting the ratio of net profits to total sales may be applied to the increase in export sales. This paragraph (p) shall only apply to businesses located in this state engaging in the international export of Mississippi goods and services. Such goods or services shall have at least fifty percent (50%) of value added at a location in Mississippi.

(q) Amounts paid by the federal government for the construction of soil conservation systems as required by a conservation plan adopted pursuant to 16 USCS 3801 et seq.

(r) The amount deposited in a medical savings account, and any interest accrued thereon, that is a part of a medical savings account program as specified in the Medical Savings Account Act under Sections 71-9-1 through 71-9-9; provided, however, that any amount withdrawn from such account for purposes other than paying eligible medical expense or to procure health coverage, shall be included in gross income.

(s) Amounts paid by the Mississippi Soil and Water Conservation Commission from the Mississippi Soil and Water Cost-Share Program for the installation of water quality best management practices.

(t) Dividends received by a holding corporation, as defined in Section 27-13-1, from a subsidiary corporation, as defined in Section 27-13-1.

(u) Interest, dividends, gains or income of any kind on any account in the Mississippi Affordable College Savings Trust Fund, as established in Sections 37-155-101 through 37-155-125, to the extent that such amounts remain on deposit in the MACS Trust



Fund or are withdrawn pursuant to a qualified withdrawal, as defined in Section 37-155-105.

(v) Interest, dividends or gains accruing on the payments made pursuant to a prepaid tuition contract, as provided for in Section 37-155-17.

(w) Income resulting from transactions with a related member where the related member subject to tax under this chapter was required to, and did in fact, add back the expense of such transactions as required by Section 27-7-17(2). Under no circumstances may the exclusion from income exceed the deduction add-back of the related member, nor shall the exclusion apply to any income otherwise excluded under this chapter.

(x) Amounts that are subject to the tax levied pursuant to Section 27-7-901, and are paid to patrons by gaming establishments licensed under the Mississippi Gaming Control Act.

(5) Prisoners of war, missing in action-taxable status.

(a) Members of the Armed Forces. Gross income does not include compensation received for active service as a member of the Armed Forces of the United States for any month during any part of which such member is in a missing status, as defined in paragraph (d) of this subsection, during the Vietnam Conflict as a result of such conflict.

(b) Civilian employees. Gross income does not include compensation received for active service as an employee for any month during any part of which such employee is in a missing status during the Vietnam Conflict as a result of such conflict.

(c) Period of conflict. For the purpose of this subsection, the Vietnam Conflict began February 28, 1961, and ends on the date designated by the President by Executive Order as the date of the termination of combatant activities in Vietnam. For the purpose of this subsection, an individual is in a missing status as a result of the Vietnam Conflict if immediately before such status began he was performing service in Vietnam or was





260 performing service in Southeast Asia in direct support of military  
261 operations in Vietnam. "Southeast Asia" as used in this paragraph  
262 is defined to include Cambodia, Laos, Thailand and waters adjacent  
263 thereto.

264 (d) "Missing status" means the status of an employee or  
265 member of the Armed Forces who is in active service and is  
266 officially carried or determined to be absent in a status of (i)  
267 missing; (ii) missing in action; (iii) interned in a foreign  
268 country; (iv) captured, beleaguered or besieged by a hostile  
269 force; or (v) detained in a foreign country against his will; but  
270 does not include the status of an employee or member of the Armed  
271 Forces for a period during which he is officially determined to be  
272 absent from his post of duty without authority.

273 (e) "Active service" means active federal service by an  
274 employee or member of the Armed Forces of the United States in an  
275 active duty status.

276 (f) "Employee" means one who is a citizen or national  
277 of the United States or an alien admitted to the United States for  
278 permanent residence and is a resident of the State of Mississippi  
279 and is employed in or under a federal executive agency or  
280 department of the Armed Forces.

281 (g) "Compensation" means (i) basic pay; (ii) special  
282 pay; (iii) incentive pay; (iv) basic allowance for quarters; (v)  
283 basic allowance for subsistence; and (vi) station per diem  
284 allowances for not more than ninety (90) days.

285 (h) If refund or credit of any overpayment of tax for  
286 any taxable year resulting from the application of subsection (5)  
287 of this section is prevented by the operation of any law or rule  
288 of law, such refund or credit of such overpayment of tax may,  
289 nevertheless, be made or allowed if claim therefor is filed with  
290 the State Tax Commission within three (3) years after the date of  
291 the enactment of this subsection.



(i) The provisions of this subsection shall be effective for taxable years ending on or after February 28, 1961.

(6) A shareholder of an S corporation, as defined in Section 27-8-3(1)(g), shall take into account the income, loss, deduction or credit of the S corporation only to the extent provided in Section 27-8-7(2).

**[From and after July 1, 2003, this section shall read as follows:]**

27-7-15. (1) For the purposes of this article, except as otherwise provided, the term "gross income" means and includes the income of a taxpayer derived from salaries, wages, fees or compensation for service, of whatever kind and in whatever form paid, including income from governmental agencies and subdivisions thereof; or from professions, vocations, trades, businesses, commerce or sales, or renting or dealing in property, or reacquired property; also from annuities, interest, rents, dividends, securities, insurance premiums, reinsurance premiums, considerations for supplemental insurance contracts, or the transaction of any business carried on for gain or profit, or gains, or profits, and income derived from any source whatever and in whatever form paid. The amount of all such items of income shall be included in the gross income for the taxable year in which received by the taxpayer. The amount by which an eligible employee's salary is reduced pursuant to a salary reduction agreement authorized under Section 25-17-5 shall be excluded from the term "gross income" within the meaning of this article.

(2) In determining gross income for the purpose of this section, the following, under regulations prescribed by the commissioner, shall be applicable:

(a) Dealers in property. Federal rules, regulations and revenue procedures shall be followed with respect to installment sales.



(b) Casual sales of property. Federal rules, regulations and revenue procedures shall be followed with respect to installment sales.

(i) The term "installment sale" means a disposition of property where at least one (1) payment is to be received after the close of the taxable year in which the disposition occurs.

(ii) The term "installment method" means a method under which the income recognized for any taxable year from the disposition is that proportion of the payments received in that year which the gross profit (realized or to be realized when payment is completed) bears to the total contract price.

(c) Reserves of insurance companies. In the case of insurance companies, any amounts in excess of the legally required reserves shall be included as gross income.

(d) Affiliated companies or persons. As regards sales, exchanges or payments for services from one to another of affiliated companies or persons or under other circumstances where the relation between the buyer and seller is such that gross proceeds from the sale or the value of the exchange or the payment for services are not indicative of the true value of the subject matter of the sale, exchange or payment for services, the commissioner shall prescribe uniform and equitable rules for determining the true value of the gross income, gross sales, exchanges or payment for services, or require consolidated returns of affiliates.

(e) Alimony and separate maintenance payments. The federal rules, regulations and revenue procedures in determining the deductibility and taxability of alimony payments shall be followed in this state.

(f) Reimbursement for expenses of moving. There shall be included in gross income (as compensation for services) any amount received or accrued, directly or indirectly, by an



individual as a payment for or reimbursement of expenses of moving from one residence to another residence which is attributable to employment or self-employment.

(3) In the case of taxpayers other than residents, gross income includes gross income from sources within this state.

(4) The words "gross income" do not include the following items of income which shall be exempt from taxation under this article:

(a) The proceeds of life insurance policies and contracts paid upon the death of the insured. However, the income from the proceeds of such policies or contracts shall be included in the gross income.

(b) The amount received by the insured as a return of premium or premiums paid by him under life insurance policies, endowment, or annuity contracts, either during the term or at maturity or upon surrender of the contract.

(c) The value of property acquired by gift, bequest, devise or descent, but the income from such property shall be included in the gross income.

(d) Interest upon the obligations of the United States or its possessions, or securities issued under the provisions of the Federal Farm Loan Act of July 17, 1916, or bonds issued by the War Finance Corporation, or obligations of the State of Mississippi or political subdivisions thereof.

(e) The amounts received through accident or health insurance as compensation for personal injuries or sickness, plus the amount of any damages received for such injuries or such sickness or injuries, or through the War Risk Insurance Act, or any law for the benefit or relief of injured or disabled members of the military or naval forces of the United States.

(f) Income received by any religious denomination or by any institution or trust for moral or mental improvements, religious, Bible, tract, charitable, benevolent, fraternal,



missionary, hospital, infirmary, educational, scientific,  
literary, library, patriotic, historical or cemetery purposes or  
for two (2) or more of such purposes, if such income be used  
exclusively for carrying out one or more of such purposes.

(g) Income received by a domestic corporation which is  
"taxable in another state" as this term is defined in this  
article, derived from business activity conducted outside this  
state. Domestic corporations taxable both within and without the  
state shall determine Mississippi income on the same basis as  
provided for foreign corporations under the provisions of this  
article.

(h) In case of insurance companies, there shall be  
excluded from gross income such portion of actual premiums  
received from an individual policyholder as is paid back or  
credited to or treated as an abatement of premiums of such  
policyholder within the taxable year.

(i) Income from dividends that has already borne a tax  
as dividend income under the provisions of this article, when such  
dividends may be specifically identified in the possession of the  
recipient.

(j) Amounts paid by the United States to a person as  
added compensation for hazardous duty pay as a member of the Armed  
Forces of the United States in a combat zone designated by  
Executive Order of the President of the United States.

(k) Amounts received as retirement allowances,  
pensions, annuities or optional retirement allowances paid under  
the federal Social Security Act, the Railroad Retirement Act, the  
Federal Civil Service Retirement Act, or any other retirement  
system of the United States government, retirement allowances paid  
under the Mississippi Public Employees' Retirement System,  
Mississippi Highway Safety Patrol Retirement System or any other  
retirement system of the State of Mississippi or any political  
subdivision thereof. The exemption allowed under this paragraph



(k) shall be available to the spouse or other beneficiary at the death of the primary retiree.

(l) Amounts received as retirement allowances, pensions, annuities or optional retirement allowances paid by any public or governmental retirement system not designated in paragraph (k) or any private retirement system or plan of which the recipient was a member at any time during the period of his employment. Amounts received as a distribution under a Roth individual retirement account shall be treated in the same manner as provided under the Internal Revenue Code of 1986, as amended. The exemption allowed under this paragraph (l) shall be available to the spouse or other beneficiary at the death of the primary retiree.

(m) Compensation not to exceed the aggregate sum of Fifteen Thousand Dollars (\$15,000.00) for any taxable year received by a member of the National Guard or Reserve Forces of the United States as payment for inactive duty training, active duty training and state active duty.

(n) Compensation received for active service as a member below the grade of commissioned officer and so much of the compensation as does not exceed the aggregate sum of Five Hundred Dollars (\$500.00) per month received for active service as a commissioned officer in the Armed Forces of the United States for any month during any part of which such members of the Armed Forces (i) served in a combat zone as designated by Executive Order of the President of the United States; or (ii) was hospitalized as a result of wounds, disease or injury incurred while serving in such combat zone.

(o) The proceeds received from federal and state forestry incentives programs.

(p) The amount representing the difference between the increase of gross income derived from sales for export outside the United States as compared to the preceding tax year wherein gross



income from export sales was highest, and the net increase in expenses attributable to such increased exports. In the absence of direct accounting the ratio of net profits to total sales may be applied to the increase in export sales. This paragraph (p) shall only apply to businesses located in this state engaging in the international export of Mississippi goods and services. Such goods or services shall have at least fifty percent (50%) of value added at a location in Mississippi.

(q) Amounts paid by the federal government for the construction of soil conservation systems as required by a conservation plan adopted pursuant to 16 USCS 3801 et seq.

(r) The amount deposited in a medical savings account, and any interest accrued thereon, that is a part of a medical savings account program as specified in the Medical Savings Account Act under Sections 71-9-1 through 71-9-9; provided, however, that any amount withdrawn from such account for purposes other than paying eligible medical expense or to procure health coverage, shall be included in gross income.

(s) Amounts paid by the Mississippi Soil and Water Conservation Commission from the Mississippi Soil and Water Cost-Share Program for the installation of water quality best management practices.

(t) Dividends received by a holding corporation, as defined in Section 27-13-1, from a subsidiary corporation, as defined in Section 27-13-1.

(u) Interest, dividends, gains or income of any kind on any account in the Mississippi Affordable College Savings Trust Fund, as established in Sections 37-155-101 through 37-155-125, to the extent that such amounts remain on deposit in the MACS Trust Fund or are withdrawn pursuant to a qualified withdrawal, as defined in Section 37-155-105.



(v) Interest, dividends or gains accruing on the payments made pursuant to a prepaid tuition contract, as provided for in Section 37-155-17.

(w) Amounts that are subject to the tax levied pursuant to Section 27-7-901, and are paid to patrons by gaming establishments licensed under the Mississippi Gaming Control Act.

(5) Prisoners of war, missing in action-taxable status.

(a) Members of the Armed Forces. Gross income does not include compensation received for active service as a member of the Armed Forces of the United States for any month during any part of which such member is in a missing status, as defined in paragraph (d) of this subsection, during the Vietnam Conflict as a result of such conflict.

(b) Civilian employees. Gross income does not include compensation received for active service as an employee for any month during any part of which such employee is in a missing status during the Vietnam Conflict as a result of such conflict.

(c) Period of conflict. For the purpose of this subsection, the Vietnam Conflict began February 28, 1961, and ends on the date designated by the President by Executive Order as the date of the termination of combatant activities in Vietnam. For the purpose of this subsection, an individual is in a missing status as a result of the Vietnam Conflict if immediately before such status began he was performing service in Vietnam or was performing service in Southeast Asia in direct support of military operations in Vietnam. "Southeast Asia" as used in this paragraph is defined to include Cambodia, Laos, Thailand and waters adjacent thereto.

(d) "Missing status" means the status of an employee or member of the Armed Forces who is in active service and is officially carried or determined to be absent in a status of (i) missing; (ii) missing in action; (iii) interned in a foreign country; (iv) captured, beleaguered or besieged by a hostile





force; or (v) detained in a foreign country against his will; but does not include the status of an employee or member of the Armed Forces for a period during which he is officially determined to be absent from his post of duty without authority.

(e) "Active service" means active federal service by an employee or member of the Armed Forces of the United States in an active duty status.

(f) "Employee" means one who is a citizen or national of the United States or an alien admitted to the United States for permanent residence and is a resident of the State of Mississippi and is employed in or under a federal executive agency or department of the Armed Forces.

(g) "Compensation" means (i) basic pay; (ii) special pay; (iii) incentive pay; (iv) basic allowance for quarters; (v) basic allowance for subsistence; and (vi) station per diem allowances for not more than ninety (90) days.

(h) If refund or credit of any overpayment of tax for any taxable year resulting from the application of subsection (5) of this section is prevented by the operation of any law or rule of law, such refund or credit of such overpayment of tax may, nevertheless, be made or allowed if claim therefor is filed with the State Tax Commission within three (3) years after the date of the enactment of this subsection.

(i) The provisions of this subsection shall be effective for taxable years ending on or after February 28, 1961.

(6) A shareholder of an S corporation, as defined in Section 27-8-3(1)(g), shall take into account the income, loss, deduction or credit of the S corporation only to the extent provided in Section 27-8-7(2).

**SECTION 2.** This act shall take effect and be in force from and after January 1, 2002.

