

By: Senator(s) Cuevas, Lee

To: Education;
Appropriations

SENATE BILL NO. 2448

1 AN ACT TO AMEND SECTION 37-19-7, MISSISSIPPI CODE OF 1972, TO
2 INCREASE THE ANNUAL SALARY SCALE FOR TEACHERS WITH 25 OR MORE
3 YEARS OF TEACHING EXPERIENCE; TO AMEND SECTION 27-7-15,
4 MISSISSIPPI CODE OF 1972, TO EXCLUDE FROM STATE INCOME TAXATION
5 \$5,000.00 OF THE ANNUAL SALARY OF TEACHERS WITH 25 OR MORE YEARS
6 OF TEACHING EXPERIENCE; TO AMEND SECTION 25-15-15, MISSISSIPPI
7 CODE OF 1972, TO PROVIDE THAT THE STATE HEALTH INSURANCE PLAN
8 SHALL NOT IMPOSE DEDUCTIBLES ON HEALTH EXPENDITURE BENEFITS FOR
9 TEACHERS WITH 25 OR MORE YEARS OF TEACHING EXPERIENCE; AND FOR
10 RELATED PURPOSES.

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

12 **SECTION 1.** Section 37-19-7, Mississippi Code of 1972, is
13 amended as follows:

14 37-19-7. (1) This section shall be known and may be cited
15 as the Mississippi "Teacher Opportunity Program (TOP)." The
16 allowance in the minimum education program and the Mississippi
17 Adequate Education Program for teachers' salaries in each county
18 and separate school district shall be determined and paid in
19 accordance with the scale for teachers' salaries as provided in
20 this subsection. For teachers holding the following types of
21 licenses or the equivalent as determined by the State Board of
22 Education, and the following number of years of teaching
23 experience, the scale shall be as follows:

24 **2001-2002 School Year**

25 **Less Than 25 Years of Teaching Experience**

26	AAAA.....	\$ 26,290.00
27	AAA.....	25,440.00
28	AA.....	24,590.00
29	A.....	23,540.00

30 **25 or More Years of Teaching Experience**

31	AAAA.....	\$ 27,790.00
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32	AAA.....	26,940.00
33	AA.....	26,090.00
34	A.....	25,040.00

2002-2003 School Year

Less Than 25 Years of Teaching Experience

37	AAAA.....	\$ 27,850.00
38	AAA.....	27,000.00
39	AA.....	26,150.00
40	A.....	24,700.00

25 or More Years of Teaching Experience

42	AAAA.....	\$ <u>30,850.00</u>
43	AAA.....	<u>30,000.00</u>
44	AA.....	<u>29,150.00</u>
45	A.....	<u>27,700.00</u>

46 For each one percent (1%) that the Sine Die General Fund
47 Revenue Estimate Growth exceeds five percent (5%) for fiscal year
48 2003, as certified by the Legislative Budget Office to the State
49 Board of Education and subject to specific appropriation therefor
50 by the Legislature, the State Board of Education shall revise the
51 salary scale to provide an additional one percent (1%) across the
52 board increase in the base salaries for each type of license.

2003-2004 School Year

Less Than 25 Years of Teaching Experience

55	AAAA.....	\$ 29,550.00
56	AAA.....	28,700.00
57	AA.....	27,850.00
58	A.....	26,000.00

25 or More Years of Teaching Experience

60	AAAA.....	\$ <u>32,550.00</u>
61	AAA.....	<u>31,700.00</u>
62	AA.....	<u>30,850.00</u>
63	A.....	<u>29,000.00</u>



64 The State Board of Education shall revise the salary scale
 65 prescribed above for the 2003-2004 school year to conform to any
 66 adjustments made to the salary scale in the prior fiscal year due
 67 to revenue growth over and above five percent (5%). For each one
 68 percent (1%) that the Sine Die General Fund Revenue Estimate
 69 Growth exceeds five percent (5%) for fiscal year 2004, as
 70 certified by the Legislative Budget Office to the State Board of
 71 Education and subject to specific appropriation therefor by the
 72 Legislature, the State Board of Education shall revise the salary
 73 scale to provide an additional one percent (1%) across the board
 74 increase in the base salaries for each type of license.

75 **2004-2005 School Year**

76 **Less Than 25 Years of Teaching Experience**

77	AAAA.....	\$ 31,775.00
78	AAA.....	30,850.00
79	AA.....	29,925.00
80	A.....	28,000.00

81 **25 or More Years of Teaching Experience**

82	AAAA.....	\$ <u>34,775.00</u>
83	AAA.....	<u>33,850.00</u>
84	AA.....	<u>32,925.00</u>
85	A.....	<u>31,000.00</u>

86 The State Board of Education shall revise the salary scale
 87 prescribed above for the 2004-2005 school year to conform to any
 88 adjustments made to the salary scale in prior fiscal years due to
 89 revenue growth over and above five percent (5%). For each one
 90 percent (1%) that the Sine Die General Fund Revenue Estimate
 91 Growth exceeds five percent (5%) for fiscal year 2005, as
 92 certified by the Legislative Budget Office to the State Board of
 93 Education and subject to specific appropriation therefor by the
 94 Legislature, the State Board of Education shall revise the salary
 95 scale to provide an additional one percent (1%) across the board
 96 increase in the base salaries for each type of license.



97	2005-2006 School Year and School Years Thereafter	
98	Less Than 25 Years of Teaching Experience	
99	AAAA.....	\$ 34,000.00
100	AAA.....	33,000.00
101	AA.....	32,000.00
102	A.....	30,000.00
103	25 or More Years of Teaching Experience	
104	AAAA.....	\$ <u>37,000.00</u>
105	AAA.....	<u>36,000.00</u>
106	AA.....	<u>35,000.00</u>
107	A.....	<u>33,000.00</u>

108 The State Board of Education shall revise the salary scale
109 prescribed above for the 2005-2006 school year to conform to any
110 adjustments made to the salary scale in prior fiscal years due to
111 revenue growth over and above five percent (5%). For each one
112 percent (1%) that the Sine Die General Fund Revenue Estimate
113 Growth exceeds five percent (5%) for fiscal year 2006, as
114 certified by the Legislative Budget Office to the State Board of
115 Education and subject to specific appropriation therefor by the
116 Legislature, the State Board of Education shall revise the salary
117 scale to provide an additional one percent (1%) across the board
118 increase in the base salaries for each type of license.

119 It is the intent of the Legislature that any state funds made
120 available for salaries of licensed personnel in excess of the
121 funds paid for such salaries for the 1986-1987 school year shall
122 be paid to licensed personnel pursuant to a personnel appraisal
123 and compensation system implemented by the State Board of
124 Education. The State Board of Education shall have the authority
125 to adopt and amend rules and regulations as are necessary to
126 establish, administer and maintain the system.

127 All teachers employed on a full-time basis shall be paid a
128 minimum salary in accordance with the above scale. However, no
129 school district shall receive any funds under this section for any



130 school year during which the local supplement paid to any
131 individual teacher shall have been reduced to a sum less than that
132 paid to that individual teacher for performing the same duties
133 from local supplement during the immediately preceding school
134 year. The amount actually spent for the purposes of group health
135 and/or life insurance shall be considered as a part of the
136 aggregate amount of local supplement but shall not be considered
137 a part of the amount of individual local supplement.

138 **2001-2002 School Year Annual Increment**

139 For teachers holding a Class AAAA license, the minimum base
140 pay specified in this subsection shall be increased by the sum of
141 Six Hundred Sixty Dollars (\$660.00) for each year of teaching
142 experience possessed by the person holding such license until such
143 person shall have twenty-five (25) years of teaching experience.

144 For teachers holding a Class AAA license, the minimum base
145 pay specified in this subsection shall be increased by the sum of
146 Five Hundred Ninety-five Dollars (\$595.00) for each year of
147 teaching experience possessed by the person holding such license
148 until such person shall have twenty-five (25) years of teaching
149 experience.

150 For teachers holding a Class AA license, the minimum base pay
151 specified in this subsection shall be increased by the sum of Five
152 Hundred Thirty Dollars (\$530.00) for each year of teaching
153 experience possessed by the person holding such license until such
154 person shall have twenty-five (25) years of teaching experience.

155 For teachers holding a Class A license, the minimum base pay
156 specified in this subsection shall be increased by the sum of Four
157 Hundred Thirty-five Dollars (\$435.00) for each year of teaching
158 experience possessed by the person holding such license until such
159 person shall have twenty-one (21) years of teaching experience.

160 **2002-2003 School Year Annual Increment**

161 For teachers holding a Class AAAA license, the minimum base
162 pay specified in this subsection shall be increased by the sum of



163 Six Hundred Eighty-five Dollars (\$685.00) for each year of
164 teaching experience possessed by the person holding such license
165 until such person shall have twenty-five (25) years of teaching
166 experience.

167 For teachers holding a Class AAA license, the minimum base
168 pay specified in this subsection shall be increased by the sum of
169 Six Hundred Twenty Dollars (\$620.00) for each year of teaching
170 experience possessed by the person holding such license until such
171 person shall have twenty-five (25) years of teaching experience.

172 For teachers holding a Class AA license, the minimum base pay
173 specified in this subsection shall be increased by the sum of Five
174 Hundred Fifty-five Dollars (\$555.00) for each year of teaching
175 experience possessed by the person holding such license until such
176 person shall have twenty-five (25) years of teaching experience.

177 For teachers holding a Class A license, the minimum base pay
178 specified in this subsection shall be increased by the sum of Four
179 Hundred Forty-five Dollars (\$445.00) for each year of teaching
180 experience possessed by the person holding such license until such
181 person shall have twenty-two (22) years of teaching experience.

182 **2003-2004 School Year Annual Increment**

183 For teachers holding a Class AAAA license, the minimum base
184 pay specified in this subsection shall be increased by the sum of
185 Seven Hundred Ten Dollars (\$710.00) for each year of teaching
186 experience possessed by the person holding such license until such
187 person shall have twenty-five (25) years of teaching experience.

188 For teachers holding a Class AAA license, the minimum base
189 pay specified in this subsection shall be increased by the sum of
190 Six Hundred Forty-five Dollars (\$645.00) for each year of teaching
191 experience possessed by the person holding such license until such
192 person shall have twenty-five (25) years of teaching experience.

193 For teachers holding a Class AA license, the minimum base pay
194 specified in this subsection shall be increased by the sum of Five
195 Hundred Eighty Dollars (\$580.00) for each year of teaching



196 experience possessed by the person holding such license until such
197 person shall have twenty-five (25) years of teaching experience.

198 For teachers holding a Class A license, the minimum base pay
199 specified in this subsection shall be increased by the sum of Four
200 Hundred Fifty-five Dollars (\$455.00) for each year of teaching
201 experience possessed by the person holding such license until such
202 person shall have twenty-three (23) years of teaching experience.

203 **2004-2005 School Year Annual Increment**

204 For teachers holding a Class AAAA license, the minimum base
205 pay specified in this subsection shall be increased by the sum of
206 Seven Hundred Forty Dollars (\$740.00) for each year of teaching
207 experience possessed by the person holding such license until such
208 person shall have twenty-five (25) years of teaching experience.

209 For teachers holding a Class AAA license, the minimum base
210 pay specified in this subsection shall be increased by the sum of
211 Six Hundred Seventy-five Dollars (\$675.00) for each year of
212 teaching experience possessed by the person holding such license
213 until such person shall have twenty-five (25) years of teaching
214 experience.

215 For teachers holding a Class AA license, the minimum base pay
216 specified in this subsection shall be increased by the sum of Six
217 Hundred Ten Dollars (\$610.00) for each year of teaching experience
218 possessed by the person holding such license until such person
219 shall have twenty-five (25) years of teaching experience.

220 For teachers holding a Class A license, the minimum base pay
221 specified in this subsection shall be increased by the sum of Four
222 Hundred Sixty-five Dollars (\$465.00) for each year of teaching
223 experience possessed by the person holding such license until such
224 person shall have twenty-four (24) years of teaching experience.

225 **2005-2006 School Year**

226 **and School Years Thereafter Annual Increments**

227 For teachers holding a Class AAAA license, the minimum base
228 pay specified in this subsection shall be increased by the sum of



229 Seven Hundred Seventy Dollars (\$770.00) for each year of teaching
230 experience possessed by the person holding such license until such
231 person shall have twenty-five (25) years of teaching experience.

232 For teachers holding a Class AAA license, the minimum base
233 pay specified in this subsection shall be increased by the sum of
234 Seven Hundred Five Dollars (\$705.00) for each year of teaching
235 experience possessed by the person holding such license until such
236 person shall have twenty-five (25) years of teaching experience.

237 For teachers holding a Class AA license, the minimum base pay
238 specified in this subsection shall be increased by the sum of Six
239 Hundred Forty Dollars (\$640.00) for each year of teaching
240 experience possessed by the person holding such license until such
241 person shall have twenty-five (25) years of teaching experience.

242 For teachers holding a Class A license, the minimum base pay
243 specified in this subsection shall be increased by the sum of Four
244 Hundred Eighty Dollars (\$480.00) for each year of teaching
245 experience possessed by the person holding such license until such
246 person shall have twenty-four (24) years of teaching experience.

247 The level of professional training of each teacher to be used
248 in establishing the salary allotment for the teachers for each
249 year shall be determined by the type of valid teacher's license
250 issued to those teachers on or before October 1 of the current
251 school year.

252 (2) (a) The following employees shall receive an annual
253 salary supplement in the amount of Six Thousand Dollars
254 (\$6,000.00), plus fringe benefits, in addition to any other
255 compensation to which the employee may be entitled:

256 (i) Any licensed teacher who has met the
257 requirements and acquired a Master Teacher certificate from the
258 National Board for Professional Teaching Standards and who is
259 employed by a local school board or the State Board of Education
260 as a teacher and not as an administrator. Such teacher shall
261 submit documentation to the State Department of Education that the



262 certificate was received prior to October 15 in order to be
263 eligible for the full salary supplement in the current school
264 year, or the teacher shall submit such documentation to the State
265 Department of Education prior to February 15 in order to be
266 eligible for a prorated salary supplement beginning with the
267 second term of the school year.

268 (ii) Any licensed school counselor who has met the
269 requirements and acquired a National Certified School Counselor
270 (NCSC) endorsement from the National Board of Certified Counselors
271 and who is employed by a local school board or the State Board of
272 Education as a counselor and not as an administrator. Such
273 licensed school counselor shall submit documentation to the State
274 Department of Education that the endorsement was received prior to
275 October 15 in order to be eligible for the full salary supplement
276 in the current school year, or the licensed school counselor shall
277 submit such documentation to the State Department of Education
278 prior to February 15 in order to be eligible for a prorated salary
279 supplement beginning with the second term of the school year.

280 However, the salary supplement authorized under this item shall be
281 discontinued two (2) years after the date on which the National
282 Board for Professional Teaching Standards offers a certification
283 process for a Master Teacher certificate for school counselors,
284 and any school counselor receiving the salary supplement will be
285 required to complete the Master Teacher certificate process under
286 item (i) of this paragraph in order to continue receiving such
287 salary supplement.

288 (iii) Any licensed speech-language pathologist and
289 audiologist who has met the requirements and acquired a
290 Certificate of Clinical Competence from the American
291 Speech-Language-Hearing Association and who is employed by a local
292 school board. Such licensed speech-language pathologist and
293 audiologist shall submit documentation to the State Department of
294 Education that the certificate or endorsement was received prior



295 to October 15 in order to be eligible for the full salary
296 supplement in the current school year, or the licensed
297 speech-language pathologist and audiologist shall submit such
298 documentation to the State Department of Education prior to
299 February 15 in order to be eligible for a prorated salary
300 supplement beginning with the second term of the school year.
301 However, the salary supplement authorized under this item shall be
302 discontinued two (2) years after the date on which the National
303 Board for Professional Teaching Standards offers a certification
304 process for a Master Teacher certificate for school
305 speech-language pathologists and audiologists, and any school
306 speech-language pathologist and audiologist receiving the salary
307 supplement will be required to complete the Master Teacher
308 certificate process under item (i) of this paragraph in order to
309 continue receiving such salary supplement.

310 (b) An employee shall be reimbursed one (1) time for
311 the actual cost of completing the process of acquiring the
312 certificate or endorsement, excluding any costs incurred for
313 postgraduate courses, not to exceed Five Hundred Dollars (\$500.00)
314 for a school counselor or speech-language pathologist and
315 audiologist, regardless of whether or not the process resulted in
316 the award of the certificate or endorsement. A local school
317 district or any private individual or entity may pay the cost of
318 completing the process of acquiring the certificate or endorsement
319 for any employee of the school district described under paragraph
320 (a), and the State Department of Education shall reimburse the
321 school district for such cost, regardless of whether or not the
322 process resulted in the award of the certificate or endorsement.
323 If a private individual or entity has paid the cost of completing
324 the process of acquiring the certificate or endorsement for an
325 employee, the local school district may agree to directly
326 reimburse the individual or entity for such cost on behalf of the
327 employee.



328 (c) All salary supplements, fringe benefits and process
329 reimbursement authorized under this subsection shall be paid
330 directly by the State Department of Education to the local school
331 district and shall be in addition to its minimum education program
332 allotments and not a part thereof in accordance with regulations
333 promulgated by the State Board of Education, and subject to
334 appropriation by the Legislature. Local school districts shall
335 not reduce the local supplement paid to any employee receiving
336 such salary supplement, and the employee shall receive any local
337 supplement to which employees with similar training and experience
338 otherwise are entitled.

339 (d) The State Department of Education may not pay any
340 process reimbursement to a school district for an employee who
341 does not complete the certification or endorsement process
342 required to be eligible for the certificate or endorsement. If an
343 employee for whom such cost has been paid in full or in part by a
344 local school district or private individual or entity fails to
345 complete the certification or endorsement process, the employee
346 shall be liable to the school district or individual or entity for
347 all amounts paid by the school district or individual or entity on
348 behalf of that employee toward his or her certificate or
349 endorsement.

350 **SECTION 2.** Section 27-7-15, Mississippi Code of 1972, is
351 amended as follows:

352 **[From and after January 1, 2002, through June 30, 2003, this**
353 **section shall read as follows:]**

354 27-7-15. (1) For the purposes of this article, except as
355 otherwise provided, the term "gross income" means and includes the
356 income of a taxpayer derived from salaries, wages, fees or
357 compensation for service, of whatever kind and in whatever form
358 paid, including income from governmental agencies and subdivisions
359 thereof; or from professions, vocations, trades, businesses,
360 commerce or sales, or renting or dealing in property, or



361 reacquired property; also from annuities, interest, rents,
362 dividends, securities, insurance premiums, reinsurance premiums,
363 considerations for supplemental insurance contracts, or the
364 transaction of any business carried on for gain or profit, or
365 gains, or profits, and income derived from any source whatever and
366 in whatever form paid. The amount of all such items of income
367 shall be included in the gross income for the taxable year in
368 which received by the taxpayer. The amount by which an eligible
369 employee's salary is reduced pursuant to a salary reduction
370 agreement authorized under Section 25-17-5 shall be excluded from
371 the term "gross income" within the meaning of this article.

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

375 (a) **Dealers in property.** Federal rules, regulations
376 and revenue procedures shall be followed with respect to
377 installment sales unless a transaction results in the shifting of
378 income from inside the state to outside the state.

379 (b) **Casual sales of property.**

380 (i) Prior to January 1, 2001, federal rules,
381 regulations and revenue procedures shall be followed with respect
382 to installment sales except they shall be applied and administered
383 as if H.R. 3594, the Installment Tax Correction Act of 2000 of the
384 106th Congress had not been enacted. This provision will
385 generally affect taxpayers, reporting on the accrual method of
386 accounting, entering into installment note agreements on or after
387 December 17, 1999. Any gain or profit resulting from the casual
388 sale of property will be recognized in the year of sale.

389 (ii) From and after January 1, 2001, federal
390 rules, regulations and revenue procedures shall be followed with
391 respect to installment sales except as provided in this
392 subparagraph (ii). Gain or profit from the casual sale of
393 property shall be recognized in the year of sale. When a taxpayer



394 recognizes gain on the casual sale of property in which the gain
395 is deferred for federal income tax purposes, a taxpayer may elect
396 to defer the payment of tax resulting from the gain as allowed and
397 to the extent provided under regulations prescribed by the
398 commissioner. If the payment of the tax is made on a deferred
399 basis, the tax shall be computed based on the applicable rate for
400 the income reported in the year the payment is made. Except as
401 otherwise provided in subparagraph (iii) of this paragraph (b),
402 deferring the payment of the tax shall not affect the liability
403 for the tax. If at any time the installment note is sold,
404 contributed, transferred or disposed of in any manner and for any
405 purpose by the original note holder, or the original note holder
406 is merged, liquidated, dissolved or withdrawn from this state,
407 then all deferred tax payments under this section shall
408 immediately become due and payable.

409 (iii) If the selling price of the property is
410 reduced by any alteration in the terms of an installment note,
411 including default by the purchaser, the gain to be recognized is
412 recomputed based on the adjusted selling price in the same manner
413 as for federal income tax purposes. The tax on this amount, less
414 the previously paid tax on the recognized gain, is payable over
415 the period of the remaining installments. If the tax on the
416 previously recognized gain has been paid in full to this state,
417 the return on which the payment was made may be amended for this
418 purpose only. The statute of limitations in Section 27-7-49 shall
419 not bar an amended return for this purpose.

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

423 (d) **Affiliated companies or persons.** As regards sales,
424 exchanges or payments for services from one to another of
425 affiliated companies or persons or under other circumstances where
426 the relation between the buyer and seller is such that gross



427 proceeds from the sale or the value of the exchange or the payment
428 for services are not indicative of the true value of the subject
429 matter of the sale, exchange or payment for services, the
430 commissioner shall prescribe uniform and equitable rules for
431 determining the true value of the gross income, gross sales,
432 exchanges or payment for services, or require consolidated returns
433 of affiliates.

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

438 (f) **Reimbursement for expenses of moving.** There shall
439 be included in gross income (as compensation for services) any
440 amount received or accrued, directly or indirectly, by an
441 individual as a payment for or reimbursement of expenses of moving
442 from one residence to another residence which is attributable to
443 employment or self-employment.

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

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

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

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

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



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

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

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

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

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

490 (i) Income from dividends that has already borne a tax
491 as dividend income under the provisions of this article, when such



492 dividends may be specifically identified in the possession of the
493 recipient.

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

498 (k) Amounts received as retirement allowances,
499 pensions, annuities or optional retirement allowances paid under
500 the federal Social Security Act, the Railroad Retirement Act, the
501 Federal Civil Service Retirement Act, or any other retirement
502 system of the United States government, retirement allowances paid
503 under the Mississippi Public Employees' Retirement System,
504 Mississippi Highway Safety Patrol Retirement System or any other
505 retirement system of the State of Mississippi or any political
506 subdivision thereof. The exemption allowed under this paragraph
507 (k) shall be available to the spouse or other beneficiary at the
508 death of the primary retiree.

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

520 (m) Compensation not to exceed the aggregate sum of
521 Five Thousand Dollars (\$5,000.00) for any taxable year received by
522 a member of the National Guard or Reserve Forces of the United
523 States as payment for inactive duty training, active duty training
524 and state active duty.



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

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

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

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

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



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

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

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

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

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

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

584 (y) Five Thousand Dollars (\$5,000.00) of the annual
585 compensation paid to teachers with twenty-five (25) or more years
586 of teaching experience.

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

588 (a) **Members of the Armed Forces.** Gross income does not
589 include compensation received for active service as a member of
590 the Armed Forces of the United States for any month during any



591 part of which such member is in a missing status, as defined in
592 paragraph (d) of this subsection, during the Vietnam Conflict as a
593 result of such conflict.

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

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

609 (d) "Missing status" means the status of an employee or
610 member of the Armed Forces who is in active service and is
611 officially carried or determined to be absent in a status of (i)
612 missing; (ii) missing in action; (iii) interned in a foreign
613 country; (iv) captured, beleaguered or besieged by a hostile
614 force; or (v) detained in a foreign country against his will; but
615 does not include the status of an employee or member of the Armed
616 Forces for a period during which he is officially determined to be
617 absent from his post of duty without authority.

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

621 (f) "Employee" means one who is a citizen or national
622 of the United States or an alien admitted to the United States for
623 permanent residence and is a resident of the State of Mississippi



624 and is employed in or under a federal executive agency or
625 department of the Armed Forces.

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

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

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

639 (6) A shareholder of an S corporation, as defined in Section
640 27-8-3(1)(g), shall take into account the income, loss, deduction
641 or credit of the S corporation only to the extent provided in
642 Section 27-8-7(2).

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

645 27-7-15. (1) For the purposes of this article, except as
646 otherwise provided, the term "gross income" means and includes the
647 income of a taxpayer derived from salaries, wages, fees or
648 compensation for service, of whatever kind and in whatever form
649 paid, including income from governmental agencies and subdivisions
650 thereof; or from professions, vocations, trades, businesses,
651 commerce or sales, or renting or dealing in property, or
652 reacquired property; also from annuities, interest, rents,
653 dividends, securities, insurance premiums, reinsurance premiums,
654 considerations for supplemental insurance contracts, or the
655 transaction of any business carried on for gain or profit, or
656 gains, or profits, and income derived from any source whatever and



657 in whatever form paid. The amount of all such items of income
658 shall be included in the gross income for the taxable year in
659 which received by the taxpayer. The amount by which an eligible
660 employee's salary is reduced pursuant to a salary reduction
661 agreement authorized under Section 25-17-5 shall be excluded from
662 the term "gross income" within the meaning of this article.

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

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

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

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

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

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

684 (d) **Affiliated companies or persons.** As regards sales,
685 exchanges or payments for services from one to another of
686 affiliated companies or persons or under other circumstances where
687 the relation between the buyer and seller is such that gross
688 proceeds from the sale or the value of the exchange or the payment
689 for services are not indicative of the true value of the subject



690 matter of the sale, exchange or payment for services, the
691 commissioner shall prescribe uniform and equitable rules for
692 determining the true value of the gross income, gross sales,
693 exchanges or payment for services, or require consolidated returns
694 of affiliates.

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

699 (f) **Reimbursement for expenses of moving.** There shall
700 be included in gross income (as compensation for services) any
701 amount received or accrued, directly or indirectly, by an
702 individual as a payment for or reimbursement of expenses of moving
703 from one residence to another residence which is attributable to
704 employment or self-employment.

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

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

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

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

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

721 (d) Interest upon the obligations of the United States
722 or its possessions, or securities issued under the provisions of



723 the Federal Farm Loan Act of July 17, 1916, or bonds issued by the
724 War Finance Corporation, or obligations of the State of
725 Mississippi or political subdivisions thereof.

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

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

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

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

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



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

759 (k) Amounts received as retirement allowances,
760 pensions, annuities or optional retirement allowances paid under
761 the federal Social Security Act, the Railroad Retirement Act, the
762 Federal Civil Service Retirement Act, or any other retirement
763 system of the United States government, retirement allowances paid
764 under the Mississippi Public Employees' Retirement System,
765 Mississippi Highway Safety Patrol Retirement System or any other
766 retirement system of the State of Mississippi or any political
767 subdivision thereof. The exemption allowed under this paragraph
768 (k) shall be available to the spouse or other beneficiary at the
769 death of the primary retiree.

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

781 (m) Compensation not to exceed the aggregate sum of
782 Five Thousand Dollars (\$5,000.00) for any taxable year received by
783 a member of the National Guard or Reserve Forces of the United
784 States as payment for inactive duty training, active duty training
785 and state active duty.

786 (n) Compensation received for active service as a
787 member below the grade of commissioned officer and so much of the



788 compensation as does not exceed the aggregate sum of Five Hundred
789 Dollars (\$500.00) per month received for active service as a
790 commissioned officer in the Armed Forces of the United States for
791 any month during any part of which such members of the Armed
792 Forces (i) served in a combat zone as designated by Executive
793 Order of the President of the United States; or (ii) was
794 hospitalized as a result of wounds, disease or injury incurred
795 while serving in such combat zone.

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

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

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

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

819 (s) Amounts paid by the Mississippi Soil and Water
820 Conservation Commission from the Mississippi Soil and Water



821 Cost-Share Program for the installation of water quality best
822 management practices.

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

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

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

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

838 (x) Five Thousand Dollars (\$5,000.00) of the annual
839 compensation paid to a teacher with twenty-five (25) or more years
840 of teaching experience.

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

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

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

852 (c) **Period of conflict.** For the purpose of this
853 subsection, the Vietnam Conflict began February 28, 1961, and ends



854 on the date designated by the President by Executive Order as the
855 date of the termination of combatant activities in Vietnam. For
856 the purpose of this subsection, an individual is in a missing
857 status as a result of the Vietnam Conflict if immediately before
858 such status began he was performing service in Vietnam or was
859 performing service in Southeast Asia in direct support of military
860 operations in Vietnam. "Southeast Asia" as used in this paragraph
861 is defined to include Cambodia, Laos, Thailand and waters adjacent
862 thereto.

863 (d) "Missing status" means the status of an employee or
864 member of the Armed Forces who is in active service and is
865 officially carried or determined to be absent in a status of (i)
866 missing; (ii) missing in action; (iii) interned in a foreign
867 country; (iv) captured, beleaguered or besieged by a hostile
868 force; or (v) detained in a foreign country against his will; but
869 does not include the status of an employee or member of the Armed
870 Forces for a period during which he is officially determined to be
871 absent from his post of duty without authority.

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

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

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

884 (h) If refund or credit of any overpayment of tax for
885 any taxable year resulting from the application of subsection (5)
886 of this section is prevented by the operation of any law or rule



887 of law, such refund or credit of such overpayment of tax may,
888 nevertheless, be made or allowed if claim therefor is filed with
889 the State Tax Commission within three (3) years after the date of
890 the enactment of this subsection.

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

893 (6) A shareholder of an S corporation, as defined in Section
894 27-8-3(1)(g), shall take into account the income, loss, deduction
895 or credit of the S corporation only to the extent provided in
896 Section 27-8-7(2).

897 **SECTION 3.** Section 25-15-15, Mississippi Code of 1972, is
898 amended as follows:

899 25-15-15. (1) The board is authorized to determine the
900 manner in which premiums and contributions by the state agencies,
901 local school districts, colleges, universities, community/junior
902 colleges and public libraries shall be collected to provide the
903 self-insured health insurance program for employees as provided
904 under this article. The state shall provide fifty percent (50%)
905 of the cost of the above life insurance plan and one hundred
906 percent (100%) of the cost of the above health insurance plan for
907 all active full-time employees, and the employees shall be given
908 the opportunity to purchase coverage for their eligible dependents
909 with the premiums for such dependent coverage as well as the
910 employee's fifty percent (50%) share for his life insurance
911 coverage to be deductible from the employee's salary by the
912 agency, department or institution head, which deductions, together
913 with the fifty percent (50%) share of such life insurance premiums
914 of such employing agency, department or institution head from
915 funds appropriated to or authorized to be expended by such
916 employing agency, department or institution head, shall be
917 deposited directly into a depository bank or special fund in the
918 State Treasury, as determined by the board. These funds and
919 interest earned on these funds may be used for the disbursement of



920 claims and shall be exempt from the appropriation process.
921 Provided, however, that the State and School Employees Life and
922 Health Insurance Plan shall impose no deductible from the
923 reimbursements for health expenditures paid by or on behalf of any
924 teacher with twenty-five (25) or more years of teaching
925 experience.

926 (2) The state shall provide annually, by line item in the
927 Mississippi Library Commission appropriation bill, such funds to
928 pay one hundred percent (100%) of the cost of health insurance
929 under the State and School Employees Health Insurance Plan for all
930 full-time library staff members in each public library in
931 Mississippi. The commission shall allot to each public library a
932 sufficient amount of those funds appropriated to pay the costs of
933 insurance for eligible employees. Any funds so appropriated by
934 line item which are not expended during the fiscal year for which
935 such funds were appropriated shall be carried forward for the same
936 purposes during the next succeeding fiscal year. If any premiums
937 for the health insurance and/or late charges and interest
938 penalties are not paid by a public library in a timely manner, as
939 defined by the board, the Mississippi Library Commission, upon
940 notice by the board, shall immediately withhold all subsequent
941 disbursements of funds to that public library.

942 (3) The state shall annually provide one hundred percent
943 (100%) of the cost of the health insurance plan for all public
944 school district employees who work no less than twenty (20) hours
945 during each week and regular nonstudent school bus drivers. Where
946 federal funding is allowable to defray, in full or in part, the
947 cost of participation in the program by district employees who
948 work no less than twenty (20) hours during the week and regular
949 nonstudent bus drivers, whose salaries are paid, in full or in
950 part, by federal funds, the allowance under this section shall be
951 reduced to the extent of such federal funding. Where the use of
952 federal funds is allowable but not available, it is the intent of



953 the Legislature that school districts contribute the cost of
954 participation for such employees from local funds, except that
955 parent fees for child nutrition programs shall not be increased to
956 cover such cost.

957 (4) The state shall provide annually, by line item in the
958 community/junior college appropriation bill, such funds to pay one
959 hundred percent (100%) of the cost of the health insurance plan
960 for all community/junior college district employees who work no
961 less than twenty (20) hours during each week.

962 (5) When the use of federal funding is allowable to defray,
963 in full or in part, the cost of participation in the insurance
964 plan by community/junior college district employees who work no
965 less than twenty (20) hours during each week, whose salaries are
966 paid, in full or in part, by federal funds, the allowance under
967 this section shall be reduced to the extent of the federal
968 funding. Where the use of federal funds is allowable but not
969 available, it is the intent of the Legislature that
970 community/junior college districts contribute the cost of
971 participation for such employees from local funds.

972 (6) Any community/junior college district may contribute to
973 the cost of coverage for any district employee from local
974 community/junior college district funds, and any public school
975 district may contribute to the cost of coverage for any district
976 employee from nonminimum program funds. Any part of the cost of
977 such coverage for participating employees of public school
978 districts and public community/junior college districts that is
979 not paid by the state shall be paid by the participating
980 employees, which shall be deducted from the salaries of the
981 employees in a manner determined by the board.

982 (7) Any funds appropriated for the cost of insurance by line
983 item in the community/junior colleges appropriation bill which are
984 not expended during the fiscal year for which such funds were



985 appropriated shall be carried forward for the same purposes during
986 the next succeeding fiscal year.

987 (8) The board may establish and enforce late charges and
988 interest penalties or other penalties for the purpose of requiring
989 the prompt payment of all premiums for life and health insurance
990 permitted under Chapter 15 of Title 25. All funds in excess of
991 the amount needed for disbursement of claims shall be deposited in
992 a special fund in the State Treasury to be known as the State and
993 School Employees Insurance Fund. The State Treasurer shall invest
994 all funds in the State and School Employees Insurance Fund and all
995 interest earned shall be credited to the State and School
996 Employees Insurance Fund. Such funds shall be placed with one or
997 more depositories of the state and invested on the first day such
998 funds are available for investment in certificates of deposit,
999 repurchase agreements or in United States Treasury bills or as
1000 otherwise authorized by law for the investment of Public
1001 Employees' Retirement System funds, as long as such investment is
1002 made from competitive offering and at the highest and best market
1003 rate obtainable consistent with any available investment
1004 alternatives; however, such investments shall not be made in
1005 shares of stock, common or preferred, or in any other investments
1006 which would mature more than one (1) year from the date of
1007 investment. The board shall have the authority to draw from this
1008 fund periodically such funds as are necessary to operate the
1009 self-insurance plan or to pay to the insurance carrier the cost of
1010 operation of this plan, it being the purpose to limit the amount
1011 of participation by the state to fifty percent (50%) of the cost
1012 of the life insurance program and not to limit the contracting for
1013 additional benefits where the cost will be paid in full by the
1014 employee. The state shall not share in the cost of coverage for
1015 retired employees.

1016 (9) The board shall also provide for the creation of an
1017 Insurance Reserve Fund and funds therein shall be invested by the



1018 State Treasurer with all interest earned credited to the State and
1019 School Employees Insurance Fund.

1020 (10) Any retired employee electing to purchase retired life
1021 and health insurance will have the full cost of such insurance
1022 deducted monthly from his State of Mississippi retirement plan
1023 check or direct billed for the cost of the premium if the
1024 retirement check is insufficient to pay for the premium. If the
1025 board determines actuarially that the premium paid by the
1026 participating retirees adversely affects the overall cost of the
1027 plan to the state, then the department may impose a premium
1028 surcharge, not to exceed fifteen percent (15%), upon such
1029 participating retired employees who are under the age for Medicare
1030 eligibility.

1031 **SECTION 4.** This act shall take effect and be in force from
1032 and after July 1, 2002.

