

By: Senator(s) Minor

To: Finance

COMMITTEE SUBSTITUTE  
FOR  
SENATE BILL NO. 3120

1 AN ACT TO AMEND SECTION 27-65-19, MISSISSIPPI CODE OF 1972,  
2 TO INCREASE TO 7% THE SALES TAX ON PERSONS OPERATING A TELEGRAPH  
3 OR TELECOMMUNICATIONS BUSINESS TRANSMITTING CERTAIN MESSAGES OR  
4 CONVERSATIONS VIA INTERSTATE TELECOMMUNICATIONS; TO PROVIDE THAT  
5 IF THE PRIMARY PLACE OF USE OF THE CUSTOMER OF A MOBILE  
6 TELECOMMUNICATIONS PROVIDER IS IN THIS STATE, A SALES TAX EQUAL TO  
7 7% OF THE GROSS PROCEEDS OF SALES OF SUCH PROVIDER IS LEVIED UPON  
8 ALL CHARGES FOR TRANSMISSION OF MESSAGES OR CONVERSATIONS; TO  
9 AMEND SECTION 27-65-5, MISSISSIPPI CODE OF 1972, TO PROVIDE THAT  
10 THE TERM "WHOLESALE SALES" APPLIES TO A SALE OF TELECOMMUNICATIONS  
11 SERVICES TAXABLE UNDER SECTION 27-65-19 FOR RESALE IN THE REGULAR  
12 COURSE OF BUSINESS WHEN MADE TO A REGULAR TELECOMMUNICATIONS  
13 PROVIDER OF SUCH SERVICE WHO IS THE HOLDER OF A PERMIT TO ENGAGE  
14 IN BUSINESS, IS LOCATED IN THIS STATE OR IS PROVIDING  
15 TELECOMMUNICATIONS SERVICES IN THIS STATE; TO AMEND SECTION  
16 27-65-27, MISSISSIPPI CODE OF 1972, TO PROVIDE THAT BY MAKING  
17 APPLICATION FOR A PERMIT TO ENGAGE IN BUSINESS, A PERSON AGREES,  
18 REGARDLESS OF HIS PRESENCE IN THIS STATE, TO BE SUBJECT TO THE  
19 JURISDICTION OF THIS STATE FOR PURPOSES OF TAXATION, TO COLLECT  
20 AND REMIT ALL TAXES LEVIED IN THE MISSISSIPPI SALES TAX LAW AND TO  
21 BE SUBJECT TO THE PROVISIONS OF THE MISSISSIPPI SALES TAX LAW; TO  
22 AMEND SECTION 27-65-75, MISSISSIPPI CODE OF 1972, TO REQUIRE THE  
23 SALES TAX COLLECTED ON INTERSTATE MOBILE TELECOMMUNICATIONS SHALL  
24 BE DEPOSITED INTO THE TELECOMMUNICATIONS AD VALOREM TAX REDUCTION  
25 FUND; AND FOR RELATED PURPOSES.

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

27 **SECTION 1.** Section 27-65-19, Mississippi Code of 1972, is  
28 amended as follows:

29 27-65-19. (1) (a) Except as otherwise provided in this  
30 subsection, upon every person selling to consumers, electricity,  
31 current, power, potable water, steam, coal, natural gas, liquefied  
32 petroleum gas or other fuel, there is hereby levied, assessed and  
33 shall be collected a tax equal to seven percent (7%) of the gross  
34 income of the business. Provided, gross income from sales to  
35 consumers of electricity, current, power, natural gas, liquefied  
36 petroleum gas or other fuel for residential heating, lighting or  
37 other residential noncommercial or nonagricultural use, and sales  
38 of potable water for residential, noncommercial or nonagricultural



use shall be excluded from taxable gross income of the business. Provided further, upon every such seller using electricity, current, power, potable water, steam, coal, natural gas, liquefied petroleum gas or other fuel for nonindustrial purposes, there is hereby levied, assessed and shall be collected a tax equal to seven percent (7%) of the cost or value of the product or service used.

(b) There is hereby levied, assessed and shall be collected a tax equal to one and one-half percent (1-1/2%) of the gross income of the business when the electricity, current, power, steam, coal, natural gas, liquefied petroleum gas or other fuel is sold to or used by a manufacturer, custom processor or public service company for industrial purposes, which shall include that used to generate electricity, to operate an electrical distribution or transmission system, to operate pipeline compressor or pumping stations or to operate railroad locomotives; provided, however, that:

(i) From and after July 1, 2000, through June 30, 2001, sales of fuel used to produce electric power by a company primarily engaged in the business of producing, generating or distributing electric power for sale shall be taxed at the rate of one and one-eighth percent (1.125%);

(ii) From and after July 1, 2001, through June 30, 2002, sales of fuel used to produce electric power by a company primarily engaged in the business of producing, generating or distributing electric power for sale shall be taxed at the rate of three-fourths of one percent (0.75%);

(iii) From and after July 1, 2002, through June 30, 2003, sales of fuel used to produce electric power by a company primarily engaged in the business of producing, generating or distributing electric power for sale shall be taxed at the rate of three-eighths of one percent (0.375%);



(iv) From and after July 1, 2003, sales of fuel used to produce electric power by a company primarily engaged in the business of producing, generating or distributing electric power for sale shall be exempt from sales tax as provided in Section 27-65-107.

(c) The one and one-half percent (1-1/2%) industrial rate provided for in this subsection shall also apply when the electricity, current, power, steam, coal, natural gas, liquefied petroleum gas or other fuel is sold to a producer or processor for use directly in the production of poultry or poultry products, the production of livestock and livestock products, the production of domesticated fish and domesticated fish products, the production of marine aquaculture products, the production of plants or food by commercial horticulturists, the processing of milk and milk products, the processing of poultry and livestock feed, and the irrigation of farm crops.

(d) The one and one-half percent (1-1/2%) rate provided for in this subsection shall not apply to sales of fuel for automobiles, trucks, truck-tractors, buses, farm tractors or airplanes.

(e) Upon every person operating a telegraph or telephone business for the transmission of messages or conversations between points within this state, there is hereby levied, assessed and shall be collected a tax equal to seven percent (7%) of the gross income of such business, with no deduction or allowance for any part of an intrastate rate charge because of routing across a state line. Charges by one telecommunications provider to another telecommunications provider holding a permit issued under Section 27-65-27 for services that are resold by such other telecommunications provider, including, but not limited to, access charges, shall not be subject to the tax levied pursuant to this paragraph (e). However, any sale of a prepaid telephone calling card or prepaid authorization number, or



both, shall be deemed to be the sale of tangible personal property subject only to such taxes imposed by law on the sale of tangible personal property. If the sale of a prepaid telephone calling card or prepaid authorization number does not take place at the vendor's place of business, it shall be conclusively determined to take place at the customer's shipping address. The reauthorization of a prepaid telephone calling card or a prepaid authorization number shall be conclusively determined to take place at the customer's billing address. Except for the provisions governing the sale of a prepaid telephone calling card or prepaid authorization number, this paragraph (e) shall not apply to persons providing mobile telecommunications services that are taxed pursuant to paragraph (g) of this section.

(f) Upon every person operating a telegraph or telecommunications business for the transmission of messages or conversations originating in this state or terminating in this state via interstate telecommunications, which are charged to the customer's service address in this state, regardless of where such amount is billed or paid, there is hereby levied, assessed and shall be collected a tax equal to seven percent (7%) of the gross income received by such business from such interstate telecommunications. However, a person, upon proof that he has paid a tax in another state on such event, shall be allowed a credit against the tax imposed in this paragraph (f) on interstate telecommunications charges to the extent that the amount of such tax is properly due and actually paid in such other state and to the extent that the rate of sales tax imposed by and paid to such other state does not exceed the rate of sales tax imposed by this paragraph (f). Charges by one telecommunications provider to another telecommunications provider holding a permit issued under Section 27-65-27 for services that are resold by such other telecommunications provider, including, but not limited to, access charges, shall not be subject to the tax levied pursuant to this



paragraph (f). This paragraph (f) shall not apply to persons providing mobile telecommunications services that are taxed pursuant to paragraph (g) of this subsection.

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

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

2. A tax equal to seven percent (7%) on the gross income received from all charges for services that are either originating in any other state or terminating in any other state.

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

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

(iii) A home service provider shall be responsible for obtaining and maintaining the customer's place of primary use. The home service provider shall be entitled to rely on the applicable residential or business street address supplied by such customer, if the home service provider's reliance is in good faith; and the home service provider shall be held harmless from



liability for any additional taxes based on a different determination of the place of primary use for taxes that are customarily passed on to the customer as a separate itemized charge. A home service provider shall be allowed to treat the address used for purposes of the tax levied by this chapter for any customer under a service contract in effect on August 1, 2002, as that customer's place or primary use for the remaining term of such service contract or agreement, excluding any extension or renewal of such service contract or agreement. Month-to-month services provided after the expiration of a contract shall be treated as an extension or renewal of such contract or agreement.

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

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

(iv) For purposes of this paragraph (g):

1. "Place of primary use" means the street address representative of where the customer's use of mobile telecommunications services primarily occurs, which shall be either the residential street address of the customer or the primary business street address of the customer.

2. "Customer" means the person or entity that contracts with the home service provider for mobile



telecommunications services. For determining the place of primary use, in those instances in which the end user of mobile telecommunications services is not the contracting party, the end user of the mobile telecommunications services shall be deemed the customer. The term "customer" shall not include a reseller of mobile telecommunications service, or a serving carrier under an arrangement to serve the customer outside the home service provider's licensed service area.

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

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

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

**SECTION 2.** Section 27-65-5, Mississippi Code of 1972, is amended as follows:

27-65-5. "Wholesaler," "jobber" or "distributor" means a person doing a regularly organized wholesale or jobbing business, known to the trade as such, and selling to licensed retail dealers or other wholesalers for resale in the regular course of business. This classification has no bearing on rates of tax due under this chapter, each sale or part of sales being taxable or exempt depending upon the class in which it falls.



"Wholesale sales" shall apply to:

(1) A sale of tangible personal property taxable under Sections 27-65-17 and 27-65-25 for resale in the regular line of business, when made in good faith to a retailer regularly selling or renting that property and when said dealer is licensed under Section 27-65-27 of this chapter if located in this state.

A sale of a service taxable under Section 27-65-23 for resale in the regular line of business, when made to a regular dealer in that service and when said dealer is licensed under Section 27-65-27 of this chapter if located in this state, or a charge for custom processing rendered upon merchandise for resale or rental by a dealer licensed under Section 27-65-27.

A sale of telecommunications services taxable under Section 27-65-19 for resale in the regular course of business, when made to a regular telecommunications provider of such service and such provider is the holder of a permit issued under Section 27-65-27, is located in this state or is providing telecommunications services in this state.

"Wholesale sale" shall not include a transaction whereby property is delivered to and collection for same is made from a person that will consume the property rather than resell it even though the billing is to a retailer.

Provided, however, that when a taxpayer sells merchandise and has paid a rate equal to the retail rate of tax on the purchase price to a wholesaler, the taxpayer may take credit for the tax paid to the wholesaler from the tax due on the sale of the merchandise specifically included in his return to the commissioner.

(2) A sale of tangible personal property (except sand or gravel when sold by the producer thereof) or service which is to become a component part of a structure or improvement erected, constructed, repaired, or made only when such sale is made to a contractor taxable under Section 27-65-21 of this chapter on the





contract in which the component materials are to be used; and only when the contractor holds a material purchase certificate as required by Section 27-65-21 of this chapter.

(3) A sale of boxes, crates, cartons, cans, bottles and other packaging materials to a retailer or retail custom processor for use as a container to accompany goods or services sold by said retailer or custom processor where possession thereof will pass to the customer at the time of sale of the goods or services contained therein.

(4) The value of soft drinks and syrup withdrawn from the business by a manufacturer for sale at retail and food or drink withdrawn by a manufacturer or wholesaler to be sold through full service vending machines for human consumption.

The quantity of property or services sold or the price at which sold is immaterial in determining whether or not a sale is at wholesale. Sales may be classed as wholesale, or exempt, only if evidenced by proper and adequate records and invoices to substantiate the wholesale rate or exemption from the tax on each individual sale.

The substantiation of the wholesale sales must be by an invoice clearly indicating the date, the name and address of the vendor and vendee, the items sold and the price thereof. Such proof of wholesale sales shall be filed in chronological order and thus preserved for a period of three (3) years from the date of sale. These records shall be subject to inspection by the commissioner and his agents, at their discretion, for the verification of returns filed by either the wholesaler or his customers.

The substantiation of an exempt sale must be by an invoice containing the same information as required for the wholesale sales. This requirement shall apply equally to a retailer making wholesale or exempt sales.



Any failure to comply with all the above requirements shall subject the violator to the retail rate of tax on all such violations.

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

27-65-27. (1) Any person who engages, or who intends to engage, in any business or activity which will subject such person to a privilege tax imposed by this chapter, shall apply to the commissioner for a permit to engage in and to conduct any business or activity upon the condition that he shall pay the tax accruing to the State of Mississippi under the provisions of this chapter, and shall keep adequate records of such business or activity as required by this chapter. By making an application for a permit issued pursuant to this section, a person agrees, regardless of his presence in this state, to:

(a) Be subject to the jurisdiction of this state for purposes of taxation;

(b) Collect and remit all taxes levied under this chapter on the type of business or activity to be conducted by the applicant;

(c) Be subject to all the provisions of this chapter.

(2) Upon receipt of such permit, the applicant shall be duly licensed under this chapter to engage in and conduct such business or activity. Said permit shall continue in force so long as the person to whom it is issued shall continue in the same business at the same location, unless revoked by the commissioner for cause.

(3) The commissioner shall require of every person desiring to engage in business within this state who maintains no permanent place of business within this state, of every person desiring to engage in the business of making sales of mobile homes, a cash bond or an approved surety bond in an amount sufficient to cover twice the estimated tax liability for a period of three (3) months. Provided, however, that the bond shall in no case be less



than One Hundred Dollars (\$100.00) and that the tax may be prepaid in lieu of filing bond if the amount is approved by the commissioner. This bond shall be filed with the commissioner prior to the issuance of a permit to do business and before any such person may engage in business within this state. Failure to comply with the provision will subject such person to the penalties provided by this chapter.

(4) The commissioner is hereby authorized to revoke the permit of any person failing to comply with any of the provisions of this chapter, after giving to the person holding such permit ten (10) days' notice of the intention of the commissioner to revoke such license. Unless good cause be shown within said ten (10) days why such permit should not be revoked, the commissioner may revoke such permit, and revocation of such permit, or engaging or continuing in business after such permit is revoked, shall subject such person to all the penalties imposed by this chapter.

(5) Any person liable for the tax who fails to obtain a permit from the commissioner, or who continues in business after such permit has been revoked, or who fails to make his returns for taxation as provided, or who fails to keep adequate records and invoices provided by this chapter, or who fails or refuses to permit inspection of such records, or who fails to pay any taxes due hereunder, shall forfeit his rights to do business in this state until he complies with all the provisions of this chapter and until he enters into a bond, with sureties, to be approved by the commissioner, in an amount not to exceed twice the amount of all taxes estimated to become due under this chapter by said person for any period of three (3) months, conditioned to comply with the provisions of this chapter, and pay all taxes legally due by him.

(6) If any person is engaged in or continuing in this state in any business or activity without obtaining a permit, or after such permit has been revoked, or without filing a required bond,



or without keeping and allowing inspection of all records required by this chapter, or without making a return, or returns, and without paying all taxes due by him hereunder, it shall be the duty of the commissioner to proceed by injunction to prevent the continuance of said business. Any temporary injunction enjoining the continuance of such business shall be granted without notice by a judge or chancellor now authorized to grant injunctions.

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

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

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

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

Monies allocated for distribution and credited to a municipal corporation under this subsection may be pledged as security for any loan received by the municipal corporation for the purpose of



400 capital improvements as authorized under Section 57-1-303, or  
401 loans as authorized under Section 57-44-7, or water systems  
402 improvements as authorized under Section 41-3-16.

403 In any county having a county seat which is not an  
404 incorporated municipality, the distribution provided hereunder  
405 shall be made as though the county seat was an incorporated  
406 municipality; however, the distribution to such municipality shall  
407 be paid to the county treasury wherein the municipality is located  
408 and such funds shall be used for road, bridge and street  
409 construction or maintenance therein.

410 (2) On or before September 15, 1987, and each succeeding  
411 month thereafter, from the revenue collected under this chapter  
412 during the preceding month One Million One Hundred Twenty-five  
413 Thousand Dollars (\$1,125,000.00) shall be allocated for  
414 distribution to municipal corporations as defined under subsection  
415 (1) of this section in the proportion that the number of gallons  
416 of gasoline and diesel fuel sold by distributors to consumers and  
417 retailers in each such municipality during the preceding fiscal  
418 year bears to the total gallons of gasoline and diesel fuel sold  
419 by distributors to consumers and retailers in municipalities  
420 statewide during the preceding fiscal year. The State Tax  
421 Commission shall require all distributors of gasoline and diesel  
422 fuel to report to the commission monthly the total number of  
423 gallons of gasoline and diesel fuel sold by them to consumers and  
424 retailers in each municipality during the preceding month. The  
425 State Tax Commission shall have the authority to promulgate such  
426 rules and regulations as is necessary to determine the number of  
427 gallons of gasoline and diesel fuel sold by distributors to  
428 consumers and retailers in each municipality. In determining the  
429 percentage allocation of funds under this subsection for the  
430 fiscal year beginning July 1, 1987, and ending June 30, 1988, the  
431 State Tax Commission may consider gallons of gasoline and diesel  
432 fuel sold for a period of less than one (1) fiscal year. For the



purposes of this subsection, the term "fiscal year" means the fiscal year beginning July 1 of a year.

(3) On or before September 15, 1987, and on or before the fifteenth day of each succeeding month, until the date specified in Section 65-39-35, the proceeds derived from contractors' taxes levied under Section 27-65-21 on contracts for the construction or reconstruction of highways designated under the Four-Lane Highway Program created under Section 65-3-97 shall, except as otherwise provided in Section 31-17-127, be deposited into the State Treasury to the credit of the State Highway Fund to be used to fund such Four-Lane Highway Program. The Mississippi Department of Transportation shall provide to the State Tax Commission such information as is necessary to determine the amount of proceeds to be distributed under this subsection.

(4) On or before August 15, 1994, and on or before the fifteenth day of each succeeding month through July 15, 1999, from the proceeds of gasoline, diesel fuel or kerosene taxes as provided in Section 27-5-101(a)(ii)1, Four Million Dollars (\$4,000,000.00) shall be deposited in the State Treasury to the credit of a special fund designated as the "State Aid Road Fund," created by Section 65-9-17. On or before August 15, 1999, and on or before the fifteenth day of each succeeding month, from the total amount of the proceeds of gasoline, diesel fuel or kerosene taxes apportioned by Section 27-5-101(a)(ii)1, Four Million Dollars (\$4,000,000.00) or an amount equal to twenty-three and one-fourth percent (23.25%) of such funds, whichever is the greater amount, shall be deposited in the State Treasury to the credit of the "State Aid Road Fund," created by Section 65-9-17. Such funds shall be pledged to pay the principal of and interest on state aid road bonds heretofore issued under Sections 19-9-51 through 19-9-77, in lieu of and in substitution for the funds heretofore allocated to counties under this section. Such funds may not be pledged for the payment of any state aid road bonds



issued after April 1, 1981; however, this prohibition against the pledging of any such funds for the payment of bonds shall not apply to any bonds for which intent to issue such bonds has been published, for the first time, as provided by law prior to March 29, 1981. From the amount of taxes paid into the special fund pursuant to this subsection and subsection (9) of this section, there shall be first deducted and paid the amount necessary to pay the expenses of the Office of State Aid Road Construction, as authorized by the Legislature for all other general and special fund agencies. The remainder of the fund shall be allocated monthly to the several counties in accordance with the following formula:

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

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

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

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

The amount of funds allocated to any county under this subsection for any fiscal year after fiscal year 1994 shall not be less than the amount allocated to such county for fiscal year 1994. Monies allocated to a county from the State Aid Road Fund for fiscal year 1995 or any fiscal year thereafter that exceed the amount of funds allocated to that county from the State Aid Road Fund for fiscal year 1994, first must be expended by the county for replacement or rehabilitation of bridges on the state aid road



system that have a sufficiency rating of less than twenty-five (25), according to National Bridge Inspection standards before such monies may be approved for expenditure by the State Aid Road Engineer on other projects that qualify for the use of state aid road funds.

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

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

(6) An amount each month beginning August 15, 1983, through November 15, 1986, as specified in Section 6 of Chapter 542, Laws of 1983, shall be paid into the special fund known as the Correctional Facilities Construction Fund created in Section 6 of Chapter 542, Laws of 1983.

(7) On or before August 15, 1992, and each succeeding month thereafter through July 15, 2000, two and two hundred sixty-six one-thousandths percent (2.266%) of the total sales tax revenue collected during the preceding month under the provisions of this chapter, except that collected under the provisions of Section 27-65-17(2) shall be deposited by the commission into the School Ad Valorem Tax Reduction Fund created pursuant to Section 37-61-35. On or before August 15, 2000, and each succeeding month thereafter, two and two hundred sixty-six one-thousandths percent (2.266%) of the total sales tax revenue collected during the preceding month under the provisions of this chapter, except that collected under the provisions of Section 27-65-17(2), shall be deposited into the School Ad Valorem Tax Reduction Fund created





532 under Section 37-61-35 until such time that the total amount  
533 deposited into the fund during a fiscal year equals Forty-two  
534 Million Dollars (\$42,000,000.00). Thereafter, the amounts  
535 diverted under this subsection (7) during the fiscal year in  
536 excess of Forty-two Million Dollars (\$42,000,000.00) shall be  
537 deposited into the Education Enhancement Fund created under  
538 Section 37-61-33 for appropriation by the Legislature as other  
539 education needs and shall not be subject to the percentage  
540 appropriation requirements set forth in Section 37-61-33.

541 (8) On or before August 15, 1992, and each succeeding month  
542 thereafter, nine and seventy-three one-thousandths percent  
543 (9.073%) of the total sales tax revenue collected during the  
544 preceding month under the provisions of this chapter, except that  
545 collected under the provisions of Section 27-65-17(2) shall be  
546 deposited into the Education Enhancement Fund created pursuant to  
547 Section 37-61-33.

548 (9) On or before August 15, 1994, and each succeeding month  
549 thereafter, from the revenue collected under this chapter during  
550 the preceding month, Two Hundred Fifty Thousand Dollars  
551 (\$250,000.00) shall be paid into the State Aid Road Fund.

552 (10) On or before August 15, 1994, and each succeeding month  
553 thereafter through August 15, 1995, from the revenue collected  
554 under this chapter during the preceding month, Two Million Dollars  
555 (\$2,000,000.00) shall be deposited into the Motor Vehicle Ad  
556 Valorem Tax Reduction Fund established in Section 27-51-105.

557 (11) Notwithstanding any other provision of this section to  
558 the contrary, on or before February 15, 1995, and each succeeding  
559 month thereafter, the sales tax revenue collected during the  
560 preceding month under the provisions of Section 27-65-17(2) and  
561 the corresponding levy in Section 27-65-23 on the rental or lease  
562 of private carriers of passengers and light carriers of property  
563 as defined in Section 27-51-101 shall be deposited, without



564 diversion, into the Motor Vehicle Ad Valorem Tax Reduction Fund  
565 established in Section 27-51-105.

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

575 (13) On or before July 15, 1994, and on or before the  
576 fifteenth day of each succeeding month thereafter, that portion of  
577 the avails of the tax imposed in Section 27-65-22, which is  
578 derived from activities held on the Mississippi state fairgrounds  
579 complex, shall be paid into a special fund hereby created in the  
580 State Treasury and shall be expended pursuant to legislative  
581 appropriations solely to defray the costs of repairs and  
582 renovation at such Trade Mart and Coliseum.

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

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



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

604           (17) The remainder of the amounts collected under the  
605 provisions of this chapter shall be paid into the State Treasury  
606 to the credit of the General Fund.

607           (18) It shall be the duty of the municipal officials of any  
608 municipality which expands its limits, or of any community which  
609 incorporates as a municipality, to notify the commissioner of such  
610 action thirty (30) days before the effective date. Failure to so  
611 notify the commissioner shall cause such municipality to forfeit  
612 the revenue which it would have been entitled to receive during  
613 this period of time when the commissioner had no knowledge of the  
614 action. If any funds have been erroneously disbursed to any  
615 municipality or any overpayment of tax is recovered by the  
616 taxpayer, the commissioner may make correction and adjust the  
617 error or overpayment with such municipality by withholding the  
618 necessary funds from any subsequent payment to be made to the  
619 municipality.

620           **SECTION 5.** Sections 1 and 4 of this act shall take effect  
621 and be in force from and after August 1, 2002, and shall apply  
622 only to customer bills issued after August 1, 2002. The remainder  
623 of this act shall take effect and be in force from and after July  
624 1, 2002.

