

By: Senator(s) Minor

To: Finance

SENATE BILL NO. 3120  
(As Sent to Governor)

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; TO PROVIDE THAT THE STATE SALES TAX COLLECTED ON SALES OF  
26 PARKING SERVICES AT AIRPORTS SHALL BE DEPOSITED, WITHOUT  
27 DIVERSION, INTO THE SPECIAL FUND IN THE STATE TREASURY FOR THE  
28 SUPPORT AND DEVELOPMENT OF AIR TRANSPORTATION, AIRPORTS AND OTHER  
29 AIR NAVIGATION FACILITIES; AND FOR RELATED PURPOSES.

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

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

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



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

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

60 (i) From and after July 1, 2000, through June 30,  
61 2001, sales of fuel used to produce electric power by a company  
62 primarily engaged in the business of producing, generating or  
63 distributing electric power for sale shall be taxed at the rate of  
64 one and one-eighth percent (1.125%);

65 (ii) From and after July 1, 2001, through June 30,  
66 2002, sales of fuel used to produce electric power by a company  
67 primarily engaged in the business of producing, generating or  
68 distributing electric power for sale shall be taxed at the rate of  
69 three-fourths of one percent (0.75%);

70 (iii) From and after July 1, 2002, through June  
71 30, 2003, sales of fuel used to produce electric power by a  
72 company primarily engaged in the business of producing, generating



73 or distributing electric power for sale shall be taxed at the rate  
74 of three-eighths of one percent (0.375%);

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

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

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

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



106 tax levied pursuant to this paragraph (e). However, any sale of a  
107 prepaid telephone calling card or prepaid authorization number, or  
108 both, shall be deemed to be the sale of tangible personal property  
109 subject only to such taxes imposed by law on the sale of tangible  
110 personal property. If the sale of a prepaid telephone calling  
111 card or prepaid authorization number does not take place at the  
112 vendor's place of business, it shall be conclusively determined to  
113 take place at the customer's shipping address. The  
114 reauthorization of a prepaid telephone calling card or a prepaid  
115 authorization number shall be conclusively determined to take  
116 place at the customer's billing address. Except for the  
117 provisions governing the sale of a prepaid telephone calling card  
118 or prepaid authorization number, this paragraph (e) shall not  
119 apply to persons providing mobile telecommunications services that  
120 are taxed pursuant to paragraph (g) of this section.

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



139 telecommunications provider, including, but not limited to, access  
140 charges, shall not be subject to the tax levied pursuant to this  
141 paragraph (f). This paragraph (f) shall not apply to persons  
142 providing mobile telecommunications services that are taxed  
143 pursuant to paragraph (g) of this subsection.

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

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

152 2. A tax equal to seven percent (7%) on the  
153 gross income received from all charges for services that originate  
154 in one state and terminate in any other state.

155 Charges by one telecommunications provider to another  
156 telecommunications provider holding a permit issued under Section  
157 27-65-27 for services that are resold by such other  
158 telecommunications provider, including, but not limited to, access  
159 charges, shall not be subject to the tax levied pursuant to this  
160 paragraph (g).

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

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



172 faith; and the home service provider shall be held harmless from  
173 liability for any additional taxes based on a different  
174 determination of the place of primary use for taxes that are  
175 customarily passed on to the customer as a separate itemized  
176 charge. A home service provider shall be allowed to treat the  
177 address used for purposes of the tax levied by this chapter for  
178 any customer under a service contract in effect on August 1, 2002,  
179 as that customer's place of primary use for the remaining term of  
180 such service contract or agreement, excluding any extension or  
181 renewal of such service contract or agreement. Month-to-month  
182 services provided after the expiration of a contract shall be  
183 treated as an extension or renewal of such contract or agreement.

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

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

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

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



204                   2. "Customer" means the person or entity that  
205 contracts with the home service provider for mobile  
206 telecommunications services. For determining the place of primary  
207 use, in those instances in which the end user of mobile  
208 telecommunications services is not the contracting party, the end  
209 user of the mobile telecommunications services shall be deemed the  
210 customer. The term "customer" shall not include a reseller of  
211 mobile telecommunications service, or a serving carrier under an  
212 arrangement to serve the customer outside the home service  
213 provider's licensed service area.

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

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

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

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

232           27-65-5. "Wholesaler," "jobber" or "distributor" means a  
233 person doing a regularly organized wholesale or jobbing business,  
234 known to the trade as such, and selling to licensed retail dealers  
235 or other wholesalers for resale in the regular course of business.  
236 This classification has no bearing on rates of tax due under this



237 chapter, each sale or part of sales being taxable or exempt  
238 depending upon the class in which it falls.

239 "Wholesale sales" shall apply to:

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

245 A sale of a service taxable under Section 27-65-23 for resale  
246 in the regular line of business, when made to a regular dealer in  
247 that service and when said dealer is licensed under Section  
248 27-65-27 of this chapter if located in this state, or a charge for  
249 custom processing rendered upon merchandise for resale or rental  
250 by a dealer licensed under Section 27-65-27.

251 A sale of telecommunications services taxable under Section  
252 27-65-19 for resale in the regular course of business, when made  
253 to a regular telecommunications provider of such service and such  
254 provider is the holder of a permit issued under Section 27-65-27  
255 and is located in this state or is providing telecommunications  
256 services in this state.

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

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

267 (2) A sale of tangible personal property (except sand  
268 or gravel when sold by the producer thereof) or service which is  
269 to become a component part of a structure or improvement erected,





270 constructed, repaired, or made only when such sale is made to a  
271 contractor taxable under Section 27-65-21 of this chapter on the  
272 contract in which the component materials are to be used; and only  
273 when the contractor holds a material purchase certificate as  
274 required by Section 27-65-21 of this chapter.

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

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

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

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

300 The substantiation of an exempt sale must be by an invoice  
301 containing the same information as required for the wholesale



302 sales. This requirement shall apply equally to a retailer making  
303 wholesale or exempt sales.

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

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

309 27-65-27. (1) Any person who engages, or who intends to  
310 engage, in any business or activity which will subject such person  
311 to a privilege tax imposed by this chapter, shall apply to the  
312 commissioner for a permit to engage in and to conduct any business  
313 or activity upon the condition that he shall pay the tax accruing  
314 to the State of Mississippi under the provisions of this chapter,  
315 and shall keep adequate records of such business or activity as  
316 required by this chapter. By making an application for a permit  
317 issued pursuant to this section, a person agrees, regardless of  
318 his presence in this state, to:

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

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

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

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

330 (3) The commissioner shall require of every person desiring  
331 to engage in business within this state who maintains no permanent  
332 place of business within this state, of every person desiring to  
333 engage in the business of making sales of mobile homes, a cash  
334 bond or an approved surety bond in an amount sufficient to cover



335 twice the estimated tax liability for a period of three (3)  
336 months. Provided, however, that the bond shall in no case be less  
337 than One Hundred Dollars (\$100.00) and that the tax may be prepaid  
338 in lieu of filing bond if the amount is approved by the  
339 commissioner. This bond shall be filed with the commissioner  
340 prior to the issuance of a permit to do business and before any  
341 such person may engage in business within this state. Failure to  
342 comply with the provision will subject such person to the  
343 penalties provided by this chapter.

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

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



367       (6) If any person is engaged in or continuing in this state  
368 in any business or activity without obtaining a permit, or after  
369 such permit has been revoked, or without filing a required bond,  
370 or without keeping and allowing inspection of all records required  
371 by this chapter, or without making a return, or returns, and  
372 without paying all taxes due by him hereunder, it shall be the  
373 duty of the commissioner to proceed by injunction to prevent the  
374 continuance of said business. Any temporary injunction enjoining  
375 the continuance of such business shall be granted without notice  
376 by a judge or chancellor now authorized to grant injunctions.

377       **SECTION 4.** Section 27-65-75, Mississippi Code of 1972, as  
378 amended by House Bill No. 1127, 2002 Regular Session, is amended  
379 as follows:

380       **[From and after the effective date of House Bill No. 1127,**  
381 **2002 Regular Session, through July 31, 2002, this section shall**  
382 **read as follows:]**

383       27-65-75. On or before the fifteenth day of each month, the  
384 revenue collected under the provisions of this chapter during the  
385 preceding month shall be paid and distributed as follows:

386       (1) On or before August 15, 1992, and each succeeding month  
387 thereafter through July 15, 1993, eighteen percent (18%) of the  
388 total sales tax revenue collected during the preceding month under  
389 the provisions of this chapter, except that collected under the  
390 provisions of Sections 27-65-15, 27-65-19(3) and 27-65-21, on  
391 business activities within a municipal corporation shall be  
392 allocated for distribution to such municipality and paid to such  
393 municipal corporation. On or before August 15, 1993, and each  
394 succeeding month thereafter, eighteen and one-half percent  
395 (18-1/2%) of the total sales tax revenue collected during the  
396 preceding month under the provisions of this chapter, except that  
397 collected under the provisions of Sections 27-65-15, 27-65-19(3)  
398 and 27-65-21, on business activities within a municipal



399 corporation shall be allocated for distribution to such  
400 municipality and paid to such municipal corporation.

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

404 Monies allocated for distribution and credited to a municipal  
405 corporation under this subsection may be pledged as security for  
406 any loan received by the municipal corporation for the purpose of  
407 capital improvements as authorized under Section 57-1-303, or  
408 loans as authorized under Section 57-44-7, or water systems  
409 improvements as authorized under Section 41-3-16.

410 In any county having a county seat which is not an  
411 incorporated municipality, the distribution provided hereunder  
412 shall be made as though the county seat was an incorporated  
413 municipality; however, the distribution to such municipality shall  
414 be paid to the county treasury wherein the municipality is located  
415 and such funds shall be used for road, bridge and street  
416 construction or maintenance therein.

417 (2) On or before September 15, 1987, and each succeeding  
418 month thereafter, from the revenue collected under this chapter  
419 during the preceding month One Million One Hundred Twenty-five  
420 Thousand Dollars (\$1,125,000.00) shall be allocated for  
421 distribution to municipal corporations as defined under subsection  
422 (1) of this section in the proportion that the number of gallons  
423 of gasoline and diesel fuel sold by distributors to consumers and  
424 retailers in each such municipality during the preceding fiscal  
425 year bears to the total gallons of gasoline and diesel fuel sold  
426 by distributors to consumers and retailers in municipalities  
427 statewide during the preceding fiscal year. The State Tax  
428 Commission shall require all distributors of gasoline and diesel  
429 fuel to report to the commission monthly the total number of  
430 gallons of gasoline and diesel fuel sold by them to consumers and  
431 retailers in each municipality during the preceding month. The



432 State Tax Commission shall have the authority to promulgate such  
433 rules and regulations as is necessary to determine the number of  
434 gallons of gasoline and diesel fuel sold by distributors to  
435 consumers and retailers in each municipality. In determining the  
436 percentage allocation of funds under this subsection for the  
437 fiscal year beginning July 1, 1987, and ending June 30, 1988, the  
438 State Tax Commission may consider gallons of gasoline and diesel  
439 fuel sold for a period of less than one (1) fiscal year. For the  
440 purposes of this subsection, the term "fiscal year" means the  
441 fiscal year beginning July 1 of a year.

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

454 (4) On or before August 15, 1994, and on or before the  
455 fifteenth day of each succeeding month through July 15, 1999, from  
456 the proceeds of gasoline, diesel fuel or kerosene taxes as  
457 provided in Section 27-5-101(a)(ii)1, Four Million Dollars  
458 (\$4,000,000.00) shall be deposited in the State Treasury to the  
459 credit of a special fund designated as the "State Aid Road Fund,"  
460 created by Section 65-9-17. On or before August 15, 1999, and on  
461 or before the fifteenth day of each succeeding month, from the  
462 total amount of the proceeds of gasoline, diesel fuel or kerosene  
463 taxes apportioned by Section 27-5-101(a)(ii)1, Four Million  
464 Dollars (\$4,000,000.00) or an amount equal to twenty-three and



465 one-fourth percent (23.25%) of such funds, whichever is the  
466 greater amount, shall be deposited in the State Treasury to the  
467 credit of the "State Aid Road Fund," created by Section 65-9-17.  
468 Such funds shall be pledged to pay the principal of and interest  
469 on state aid road bonds heretofore issued under Sections 19-9-51  
470 through 19-9-77, in lieu of and in substitution for the funds  
471 heretofore allocated to counties under this section. Such funds  
472 may not be pledged for the payment of any state aid road bonds  
473 issued after April 1, 1981; however, this prohibition against the  
474 pledging of any such funds for the payment of bonds shall not  
475 apply to any bonds for which intent to issue such bonds has been  
476 published, for the first time, as provided by law prior to March  
477 29, 1981. From the amount of taxes paid into the special fund  
478 pursuant to this subsection and subsection (9) of this section,  
479 there shall be first deducted and paid the amount necessary to pay  
480 the expenses of the Office of State Aid Road Construction, as  
481 authorized by the Legislature for all other general and special  
482 fund agencies. The remainder of the fund shall be allocated  
483 monthly to the several counties in accordance with the following  
484 formula:

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

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

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

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



498           The amount of funds allocated to any county under this  
499 subsection for any fiscal year after fiscal year 1994 shall not be  
500 less than the amount allocated to such county for fiscal year  
501 1994. Monies allocated to a county from the State Aid Road Fund  
502 for fiscal year 1995 or any fiscal year thereafter that exceed the  
503 amount of funds allocated to that county from the State Aid Road  
504 Fund for fiscal year 1994, first must be expended by the county  
505 for replacement or rehabilitation of bridges on the state aid road  
506 system that have a sufficiency rating of less than twenty-five  
507 (25), according to National Bridge Inspection standards before  
508 such monies may be approved for expenditure by the State Aid Road  
509 Engineer on other projects that qualify for the use of state aid  
510 road funds.

511           Any reference in the general laws of this state or the  
512 Mississippi Code of 1972 to Section 27-5-105 shall mean and be  
513 construed to refer and apply to subsection (4) of Section  
514 27-65-75.

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

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

526           (7) On or before August 15, 1992, and each succeeding month  
527 thereafter through July 15, 2000, two and two hundred sixty-six  
528 one-thousandths percent (2.266%) of the total sales tax revenue  
529 collected during the preceding month under the provisions of this  
530 chapter, except that collected under the provisions of Section





531 27-65-17(2) shall be deposited by the commission into the School  
532 Ad Valorem Tax Reduction Fund created pursuant to Section  
533 37-61-35. On or before August 15, 2000, and each succeeding month  
534 thereafter, two and two hundred sixty-six one-thousandths percent  
535 (2.266%) of the total sales tax revenue collected during the  
536 preceding month under the provisions of this chapter, except that  
537 collected under the provisions of Section 27-65-17(2), shall be  
538 deposited into the School Ad Valorem Tax Reduction Fund created  
539 under Section 37-61-35 until such time that the total amount  
540 deposited into the fund during a fiscal year equals Forty-two  
541 Million Dollars (\$42,000,000.00). Thereafter, the amounts  
542 diverted under this subsection (7) during the fiscal year in  
543 excess of Forty-two Million Dollars (\$42,000,000.00) shall be  
544 deposited into the Education Enhancement Fund created under  
545 Section 37-61-33 for appropriation by the Legislature as other  
546 education needs and shall not be subject to the percentage  
547 appropriation requirements set forth in Section 37-61-33.

548 (8) On or before August 15, 1992, and each succeeding month  
549 thereafter, nine and seventy-three one-thousandths percent  
550 (9.073%) of the total sales tax revenue collected during the  
551 preceding month under the provisions of this chapter, except that  
552 collected under the provisions of Section 27-65-17(2) shall be  
553 deposited into the Education Enhancement Fund created pursuant to  
554 Section 37-61-33.

555 (9) On or before August 15, 1994, and each succeeding month  
556 thereafter, from the revenue collected under this chapter during  
557 the preceding month, Two Hundred Fifty Thousand Dollars  
558 (\$250,000.00) shall be paid into the State Aid Road Fund.

559 (10) On or before August 15, 1994, and each succeeding month  
560 thereafter through August 15, 1995, from the revenue collected  
561 under this chapter during the preceding month, Two Million Dollars  
562 (\$2,000,000.00) shall be deposited into the Motor Vehicle Ad  
563 Valorem Tax Reduction Fund established in Section 27-51-105.



564           (11) Notwithstanding any other provision of this section to  
565 the contrary, on or before February 15, 1995, and each succeeding  
566 month thereafter, the sales tax revenue collected during the  
567 preceding month under the provisions of Section 27-65-17(2) and  
568 the corresponding levy in Section 27-65-23 on the rental or lease  
569 of private carriers of passengers and light carriers of property  
570 as defined in Section 27-51-101 shall be deposited, without  
571 diversion, into the Motor Vehicle Ad Valorem Tax Reduction Fund  
572 established in Section 27-51-105.

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

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

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



597           (15) Notwithstanding any other provision of this section to  
598 the contrary, on or before September 15, 2000, and each succeeding  
599 month thereafter, the sales tax revenue collected during the  
600 preceding month under the provisions of Section 27-65-19(1)(f),  
601 shall be deposited, without diversion, into the Telecommunications  
602 Ad Valorem Tax Reduction Fund established in Section 27-38-7.

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

610           (17) Notwithstanding any other provision of this section to  
611 the contrary, on or before April 15, 2002, and each succeeding  
612 month thereafter, the sales tax revenue collected during the  
613 preceding month under Section 27-65-23 on sales of parking  
614 services of parking garages and lots at airports shall be  
615 deposited, without diversion, into the special fund created  
616 pursuant to Section 27-5-101(d).

617           (18) The remainder of the amounts collected under the  
618 provisions of this chapter shall be paid into the State Treasury  
619 to the credit of the General Fund.

620           (19) It shall be the duty of the municipal officials of any  
621 municipality which expands its limits, or of any community which  
622 incorporates as a municipality, to notify the commissioner of such  
623 action thirty (30) days before the effective date. Failure to so  
624 notify the commissioner shall cause such municipality to forfeit  
625 the revenue which it would have been entitled to receive during  
626 this period of time when the commissioner had no knowledge of the  
627 action. If any funds have been erroneously disbursed to any  
628 municipality or any overpayment of tax is recovered by the  
629 taxpayer, the commissioner may make correction and adjust the



630 error or overpayment with such municipality by withholding the  
631 necessary funds from any subsequent payment to be made to the  
632 municipality.

633 **[From and after August 1, 2002, this section shall read as**  
634 **follows:]**

635 27-65-75. On or before the fifteenth day of each month, the  
636 revenue collected under the provisions of this chapter during the  
637 preceding month shall be paid and distributed as follows:

638 (1) On or before August 15, 1992, and each succeeding month  
639 thereafter through July 15, 1993, eighteen percent (18%) of the  
640 total sales tax revenue collected during the preceding month under  
641 the provisions of this chapter, except that collected under the  
642 provisions of Sections 27-65-15, 27-65-19(3) and 27-65-21, on  
643 business activities within a municipal corporation shall be  
644 allocated for distribution to such municipality and paid to such  
645 municipal corporation. On or before August 15, 1993, and each  
646 succeeding month thereafter, eighteen and one-half percent  
647 (18-1/2%) of the total sales tax revenue collected during the  
648 preceding month under the provisions of this chapter, except that  
649 collected under the provisions of Sections 27-65-15, 27-65-19(3)  
650 and 27-65-21, on business activities within a municipal  
651 corporation shall be allocated for distribution to such  
652 municipality and paid to such municipal corporation.

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

656 Monies allocated for distribution and credited to a municipal  
657 corporation under this subsection may be pledged as security for  
658 any loan received by the municipal corporation for the purpose of  
659 capital improvements as authorized under Section 57-1-303, or  
660 loans as authorized under Section 57-44-7, or water systems  
661 improvements as authorized under Section 41-3-16.



662 In any county having a county seat which is not an  
663 incorporated municipality, the distribution provided hereunder  
664 shall be made as though the county seat was an incorporated  
665 municipality; however, the distribution to such municipality shall  
666 be paid to the county treasury wherein the municipality is located  
667 and such funds shall be used for road, bridge and street  
668 construction or maintenance therein.

669 (2) On or before September 15, 1987, and each succeeding  
670 month thereafter, from the revenue collected under this chapter  
671 during the preceding month One Million One Hundred Twenty-five  
672 Thousand Dollars (\$1,125,000.00) shall be allocated for  
673 distribution to municipal corporations as defined under subsection  
674 (1) of this section in the proportion that the number of gallons  
675 of gasoline and diesel fuel sold by distributors to consumers and  
676 retailers in each such municipality during the preceding fiscal  
677 year bears to the total gallons of gasoline and diesel fuel sold  
678 by distributors to consumers and retailers in municipalities  
679 statewide during the preceding fiscal year. The State Tax  
680 Commission shall require all distributors of gasoline and diesel  
681 fuel to report to the commission monthly the total number of  
682 gallons of gasoline and diesel fuel sold by them to consumers and  
683 retailers in each municipality during the preceding month. The  
684 State Tax Commission shall have the authority to promulgate such  
685 rules and regulations as is necessary to determine the number of  
686 gallons of gasoline and diesel fuel sold by distributors to  
687 consumers and retailers in each municipality. In determining the  
688 percentage allocation of funds under this subsection for the  
689 fiscal year beginning July 1, 1987, and ending June 30, 1988, the  
690 State Tax Commission may consider gallons of gasoline and diesel  
691 fuel sold for a period of less than one (1) fiscal year. For the  
692 purposes of this subsection, the term "fiscal year" means the  
693 fiscal year beginning July 1 of a year.



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

706           (4) On or before August 15, 1994, and on or before the  
707 fifteenth day of each succeeding month through July 15, 1999, from  
708 the proceeds of gasoline, diesel fuel or kerosene taxes as  
709 provided in Section 27-5-101(a)(ii)1, Four Million Dollars  
710 (\$4,000,000.00) shall be deposited in the State Treasury to the  
711 credit of a special fund designated as the "State Aid Road Fund,"  
712 created by Section 65-9-17. On or before August 15, 1999, and on  
713 or before the fifteenth day of each succeeding month, from the  
714 total amount of the proceeds of gasoline, diesel fuel or kerosene  
715 taxes apportioned by Section 27-5-101(a)(ii)1, Four Million  
716 Dollars (\$4,000,000.00) or an amount equal to twenty-three and  
717 one-fourth percent (23.25%) of such funds, whichever is the  
718 greater amount, shall be deposited in the State Treasury to the  
719 credit of the "State Aid Road Fund," created by Section 65-9-17.  
720 Such funds shall be pledged to pay the principal of and interest  
721 on state aid road bonds heretofore issued under Sections 19-9-51  
722 through 19-9-77, in lieu of and in substitution for the funds  
723 heretofore allocated to counties under this section. Such funds  
724 may not be pledged for the payment of any state aid road bonds  
725 issued after April 1, 1981; however, this prohibition against the  
726 pledging of any such funds for the payment of bonds shall not



727 apply to any bonds for which intent to issue such bonds has been  
728 published, for the first time, as provided by law prior to March  
729 29, 1981. From the amount of taxes paid into the special fund  
730 pursuant to this subsection and subsection (9) of this section,  
731 there shall be first deducted and paid the amount necessary to pay  
732 the expenses of the Office of State Aid Road Construction, as  
733 authorized by the Legislature for all other general and special  
734 fund agencies. The remainder of the fund shall be allocated  
735 monthly to the several counties in accordance with the following  
736 formula:

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

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

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

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

750           The amount of funds allocated to any county under this  
751 subsection for any fiscal year after fiscal year 1994 shall not be  
752 less than the amount allocated to such county for fiscal year  
753 1994. Monies allocated to a county from the State Aid Road Fund  
754 for fiscal year 1995 or any fiscal year thereafter that exceed the  
755 amount of funds allocated to that county from the State Aid Road  
756 Fund for fiscal year 1994, first must be expended by the county  
757 for replacement or rehabilitation of bridges on the state aid road  
758 system that have a sufficiency rating of less than twenty-five  
759 (25), according to National Bridge Inspection standards before



760 such monies may be approved for expenditure by the State Aid Road  
761 Engineer on other projects that qualify for the use of state aid  
762 road funds.

763 Any reference in the general laws of this state or the  
764 Mississippi Code of 1972 to Section 27-5-105 shall mean and be  
765 construed to refer and apply to subsection (4) of Section  
766 27-65-75.

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

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

778 (7) On or before August 15, 1992, and each succeeding month  
779 thereafter through July 15, 2000, two and two hundred sixty-six  
780 one-thousandths percent (2.266%) of the total sales tax revenue  
781 collected during the preceding month under the provisions of this  
782 chapter, except that collected under the provisions of Section  
783 27-65-17(2) shall be deposited by the commission into the School  
784 Ad Valorem Tax Reduction Fund created pursuant to Section  
785 37-61-35. On or before August 15, 2000, and each succeeding month  
786 thereafter, two and two hundred sixty-six one-thousandths percent  
787 (2.266%) of the total sales tax revenue collected during the  
788 preceding month under the provisions of this chapter, except that  
789 collected under the provisions of Section 27-65-17(2), shall be  
790 deposited into the School Ad Valorem Tax Reduction Fund created  
791 under Section 37-61-35 until such time that the total amount  
792 deposited into the fund during a fiscal year equals Forty-two





793 Million Dollars (\$42,000,000.00). Thereafter, the amounts  
794 diverted under this subsection (7) during the fiscal year in  
795 excess of Forty-two Million Dollars (\$42,000,000.00) shall be  
796 deposited into the Education Enhancement Fund created under  
797 Section 37-61-33 for appropriation by the Legislature as other  
798 education needs and shall not be subject to the percentage  
799 appropriation requirements set forth in Section 37-61-33.

800 (8) On or before August 15, 1992, and each succeeding month  
801 thereafter, nine and seventy-three one-thousandths percent  
802 (9.073%) of the total sales tax revenue collected during the  
803 preceding month under the provisions of this chapter, except that  
804 collected under the provisions of Section 27-65-17(2) shall be  
805 deposited into the Education Enhancement Fund created pursuant to  
806 Section 37-61-33.

807 (9) On or before August 15, 1994, and each succeeding month  
808 thereafter, from the revenue collected under this chapter during  
809 the preceding month, Two Hundred Fifty Thousand Dollars  
810 (\$250,000.00) shall be paid into the State Aid Road Fund.

811 (10) On or before August 15, 1994, and each succeeding month  
812 thereafter through August 15, 1995, from the revenue collected  
813 under this chapter during the preceding month, Two Million Dollars  
814 (\$2,000,000.00) shall be deposited into the Motor Vehicle Ad  
815 Valorem Tax Reduction Fund established in Section 27-51-105.

816 (11) Notwithstanding any other provision of this section to  
817 the contrary, on or before February 15, 1995, and each succeeding  
818 month thereafter, the sales tax revenue collected during the  
819 preceding month under the provisions of Section 27-65-17(2) and  
820 the corresponding levy in Section 27-65-23 on the rental or lease  
821 of private carriers of passengers and light carriers of property  
822 as defined in Section 27-51-101 shall be deposited, without  
823 diversion, into the Motor Vehicle Ad Valorem Tax Reduction Fund  
824 established in Section 27-51-105.



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

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

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

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

856           (16) On or before August 15, 2000, and each succeeding month  
857 thereafter, the sales tax revenue collected during the preceding



858 month under the provisions of this chapter on the gross proceeds  
859 of sales of a project as defined in Section 57-30-1 shall be  
860 deposited, after all diversions except the diversion provided for  
861 in subsection (1) of this section, into the Sales Tax Incentive  
862 Fund created in Section 57-30-3.

863       (17) Notwithstanding any other provision of this section to  
864 the contrary, on or before April 15, 2002, and each succeeding  
865 month thereafter, the sales tax revenue collected during the  
866 preceding month under Section 27-65-23 on sales of parking  
867 services of parking garages and lots at airports shall be  
868 deposited, without diversion, into the special fund created  
869 pursuant to Section 27-5-101(d).

870       (18) The remainder of the amounts collected under the  
871 provisions of this chapter shall be paid into the State Treasury  
872 to the credit of the General Fund.

873       (19) It shall be the duty of the municipal officials of any  
874 municipality which expands its limits, or of any community which  
875 incorporates as a municipality, to notify the commissioner of such  
876 action thirty (30) days before the effective date. Failure to so  
877 notify the commissioner shall cause such municipality to forfeit  
878 the revenue which it would have been entitled to receive during  
879 this period of time when the commissioner had no knowledge of the  
880 action. If any funds have been erroneously disbursed to any  
881 municipality or any overpayment of tax is recovered by the  
882 taxpayer, the commissioner may make correction and adjust the  
883 error or overpayment with such municipality by withholding the  
884 necessary funds from any subsequent payment to be made to the  
885 municipality.

886       **SECTION 5.** Sections 1 and 4 of this act shall take effect  
887 and be in force from and after August 1, 2002, and shall apply  
888 only to customer bills issued after August 1, 2002. The remainder  
889 of this act shall take effect and be in force from and after July  
890 1, 2002.

