

By: Senator(s) Cuevas, Lee

To: Education;  
Appropriations

SENATE BILL NO. 2705

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

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

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

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

24 **2001-2002 School Year**

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

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

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

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

**2002-2003 School Year**

**Less Than 25 Years of Teaching Experience**

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

**25 or More Years of Teaching Experience**

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

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

**2003-2004 School Year**

**Less Than 25 Years of Teaching Experience**

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

**25 or More Years of Teaching Experience**

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



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

75 **2004-2005 School Year**

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

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

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

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

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



97	<b>2005-2006 School Year and School Years Thereafter</b>	
98	<b>Less Than 25 Years of Teaching Experience</b>	
99	AAAA.....	\$ 34,000.00
100	AAA.....	33,000.00
101	AA.....	32,000.00
102	A.....	30,000.00

103	<b>25 or More Years of Teaching Experience</b>	
104	AAAA.....	\$ <u>37,000.00</u>
105	AAA.....	<u>36,000.00</u>
106	AA.....	<u>35,000.00</u>
107	A.....	<u>33,000.00</u>

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

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

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



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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

225 **2005-2006 School Year**

226 **and School Years Thereafter Annual Increments**

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



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

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

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

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

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

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

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





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

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

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

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



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

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



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

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

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

352 **[Through June 30, 2003, this section shall read as follows:]**

353 27-7-15. (1) For the purposes of this article, except as  
354 otherwise provided, the term "gross income" means and includes the  
355 income of a taxpayer derived from salaries, wages, fees or  
356 compensation for service, of whatever kind and in whatever form  
357 paid, including income from governmental agencies and subdivisions  
358 thereof; or from professions, vocations, trades, businesses,  
359 commerce or sales, or renting or dealing in property, or  
360 reacquired property; also from annuities, interest, rents,



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

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

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

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

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

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



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

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

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

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



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

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

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

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

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

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

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

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



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

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

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

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

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

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



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

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

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

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

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





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

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

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

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

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



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

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

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

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

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

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

583 (y) Amounts that are subject to the tax levied pursuant  
584 to Section 27-7-903, and are paid to patrons by gaming  
585 establishments not licensed under the Mississippi Gaming Control  
586 Act.

587 (z) Five Thousand Dollars (\$5,000.00) of the annual  
588 compensation paid to teachers with twenty-five (25) or more years  
589 of teaching experience.



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

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

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

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

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



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

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

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

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

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

642 (6) A shareholder of an S corporation, as defined in Section  
643 27-8-3(1)(g), shall take into account the income, loss, deduction  
644 or credit of the S corporation only to the extent provided in  
645 Section 27-8-7(2).

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

648 27-7-15. (1) For the purposes of this article, except as  
649 otherwise provided, the term "gross income" means and includes the  
650 income of a taxpayer derived from salaries, wages, fees or  
651 compensation for service, of whatever kind and in whatever form  
652 paid, including income from governmental agencies and subdivisions  
653 thereof; or from professions, vocations, trades, businesses,



654 commerce or sales, or renting or dealing in property, or  
655 reacquired property; also from annuities, interest, rents,  
656 dividends, securities, insurance premiums, reinsurance premiums,  
657 considerations for supplemental insurance contracts, or the  
658 transaction of any business carried on for gain or profit, or  
659 gains, or profits, and income derived from any source whatever and  
660 in whatever form paid. The amount of all such items of income  
661 shall be included in the gross income for the taxable year in  
662 which received by the taxpayer. The amount by which an eligible  
663 employee's salary is reduced pursuant to a salary reduction  
664 agreement authorized under Section 25-17-5 shall be excluded from  
665 the term "gross income" within the meaning of this article.

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

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

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

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

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

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



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

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

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

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

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

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

717           (b) The amount received by the insured as a return of  
718 premium or premiums paid by him under life insurance policies,



719 endowment, or annuity contracts, either during the term or at  
720 maturity or upon surrender of the contract.

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

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

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

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

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

749 (h) In case of insurance companies, there shall be  
750 excluded from gross income such portion of actual premiums  
751 received from an individual policyholder as is paid back or



752 credited to or treated as an abatement of premiums of such  
753 policyholder within the taxable year.

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

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

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

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





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

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

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

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

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

815 (r) The amount deposited in a medical savings account,  
816 and any interest accrued thereon, that is a part of a medical



817 savings account program as specified in the Medical Savings  
818 Account Act under Sections 71-9-1 through 71-9-9; provided,  
819 however, that any amount withdrawn from such account for purposes  
820 other than paying eligible medical expense or to procure health  
821 coverage shall be included in gross income.

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

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

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

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

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

841 (x) Amounts that are subject to the tax levied pursuant  
842 to Section 27-7-903, and are paid to patrons by gaming  
843 establishments not licensed under the Mississippi Gaming Control  
844 Act.

845 (y) Five Thousand Dollars (\$5,000.00) of the annual  
846 compensation paid to a teacher with twenty-five (25) or more years  
847 of teaching experience.

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



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

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

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

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

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



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

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

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

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

900 (6) A shareholder of an S corporation, as defined in Section  
901 27-8-3(1)(g), shall take into account the income, loss, deduction  
902 or credit of the S corporation only to the extent provided in  
903 Section 27-8-7(2).

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

906 **[Through June 30 of the year in which Section 25-11-143**  
907 **becomes effective as provided in subsection (1) of Section**  
908 **25-11-143, this section shall read as follows:]**

909 25-15-15. (1) The board is authorized to determine the  
910 manner in which premiums and contributions by the state agencies,  
911 local school districts, colleges, universities, community/junior  
912 colleges and public libraries shall be collected to provide the  
913 self-insured health insurance program for employees as provided  
914 under this article. The state shall provide fifty percent (50%)



915 of the cost of the above life insurance plan and one hundred  
916 percent (100%) of the cost of the above health insurance plan for  
917 all active full-time employees, and the employees shall be given  
918 the opportunity to purchase coverage for their eligible dependents  
919 with the premiums for such dependent coverage as well as the  
920 employee's fifty percent (50%) share for his life insurance  
921 coverage to be deductible from the employee's salary by the  
922 agency, department or institution head, which deductions, together  
923 with the fifty percent (50%) share of such life insurance premiums  
924 of such employing agency, department or institution head from  
925 funds appropriated to or authorized to be expended by such  
926 employing agency, department or institution head, shall be  
927 deposited directly into a depository bank or special fund in the  
928 State Treasury, as determined by the board. These funds and  
929 interest earned on these funds may be used for the disbursement of  
930 claims and shall be exempt from the appropriation process.  
931 Provided, however, that the State and School Employees Life and  
932 Health Insurance Plan shall impose no deductible from the  
933 reimbursements for health expenditures paid by or on behalf of any  
934 teacher with twenty-five (25) or more years of teaching  
935 experience.

936 (2) The state shall provide annually, by line item in the  
937 Mississippi Library Commission appropriation bill, such funds to  
938 pay one hundred percent (100%) of the cost of health insurance  
939 under the State and School Employees Health Insurance Plan for all  
940 full-time library staff members in each public library in  
941 Mississippi. The commission shall allot to each public library a  
942 sufficient amount of those funds appropriated to pay the costs of  
943 insurance for eligible employees. Any funds so appropriated by  
944 line item which are not expended during the fiscal year for which  
945 such funds were appropriated shall be carried forward for the same  
946 purposes during the next succeeding fiscal year. If any premiums  
947 for the health insurance and/or late charges and interest



948 penalties are not paid by a public library in a timely manner, as  
949 defined by the board, the Mississippi Library Commission, upon  
950 notice by the board, shall immediately withhold all subsequent  
951 disbursements of funds to that public library.

952 (3) The state shall annually provide one hundred percent  
953 (100%) of the cost of the health insurance plan for all public  
954 school district employees who work no less than twenty (20) hours  
955 during each week and regular nonstudent school bus drivers. Where  
956 federal funding is allowable to defray, in full or in part, the  
957 cost of participation in the program by district employees who  
958 work no less than twenty (20) hours during the week and regular  
959 nonstudent bus drivers, whose salaries are paid, in full or in  
960 part, by federal funds, the allowance under this section shall be  
961 reduced to the extent of such federal funding. Where the use of  
962 federal funds is allowable but not available, it is the intent of  
963 the Legislature that school districts contribute the cost of  
964 participation for such employees from local funds, except that  
965 parent fees for child nutrition programs shall not be increased to  
966 cover such cost.

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

972 (5) When the use of federal funding is allowable to defray,  
973 in full or in part, the cost of participation in the insurance  
974 plan by community/junior college district employees who work no  
975 less than twenty (20) hours during each week, whose salaries are  
976 paid, in full or in part, by federal funds, the allowance under  
977 this section shall be reduced to the extent of the federal  
978 funding. Where the use of federal funds is allowable but not  
979 available, it is the intent of the Legislature that



980 community/junior college districts contribute the cost of  
981 participation for such employees from local funds.

982 (6) Any community/junior college district may contribute to  
983 the cost of coverage for any district employee from local  
984 community/junior college district funds, and any public school  
985 district may contribute to the cost of coverage for any district  
986 employee from nonminimum program funds. Any part of the cost of  
987 such coverage for participating employees of public school  
988 districts and public community/junior college districts that is  
989 not paid by the state shall be paid by the participating  
990 employees, which shall be deducted from the salaries of the  
991 employees in a manner determined by the board.

992 (7) Any funds appropriated for the cost of insurance by line  
993 item in the community/junior colleges appropriation bill which are  
994 not expended during the fiscal year for which such funds were  
995 appropriated shall be carried forward for the same purposes during  
996 the next succeeding fiscal year.

997 (8) The board may establish and enforce late charges and  
998 interest penalties or other penalties for the purpose of requiring  
999 the prompt payment of all premiums for life and health insurance  
1000 permitted under Chapter 15 of Title 25. All funds in excess of  
1001 the amount needed for disbursement of claims shall be deposited in  
1002 a special fund in the State Treasury to be known as the State and  
1003 School Employees Insurance Fund. The State Treasurer shall invest  
1004 all funds in the State and School Employees Insurance Fund and all  
1005 interest earned shall be credited to the State and School  
1006 Employees Insurance Fund. Such funds shall be placed with one or  
1007 more depositories of the state and invested on the first day such  
1008 funds are available for investment in certificates of deposit,  
1009 repurchase agreements or in United States Treasury bills or as  
1010 otherwise authorized by law for the investment of Public  
1011 Employees' Retirement System funds, as long as such investment is  
1012 made from competitive offering and at the highest and best market



1013 rate obtainable consistent with any available investment  
1014 alternatives; however, such investments shall not be made in  
1015 shares of stock, common or preferred, or in any other investments  
1016 which would mature more than one (1) year from the date of  
1017 investment. The board shall have the authority to draw from this  
1018 fund periodically such funds as are necessary to operate the  
1019 self-insurance plan or to pay to the insurance carrier the cost of  
1020 operation of this plan, it being the purpose to limit the amount  
1021 of participation by the state to fifty percent (50%) of the cost  
1022 of the life insurance program and not to limit the contracting for  
1023 additional benefits where the cost will be paid in full by the  
1024 employee. The state shall not share in the cost of coverage for  
1025 retired employees.

1026 (9) The board shall also provide for the creation of an  
1027 Insurance Reserve Fund and funds therein shall be invested by the  
1028 State Treasurer with all interest earned credited to the State and  
1029 School Employees Insurance Fund.

1030 (10) Any retired employee electing to purchase retired life  
1031 and health insurance will have the full cost of such insurance  
1032 deducted monthly from his State of Mississippi retirement plan  
1033 check or direct billed for the cost of the premium if the  
1034 retirement check is insufficient to pay for the premium. If the  
1035 board determines actuarially that the premium paid by the  
1036 participating retirees adversely affects the overall cost of the  
1037 plan to the state, then the department may impose a premium  
1038 surcharge, not to exceed fifteen percent (15%), upon such  
1039 participating retired employees who are under the age for Medicare  
1040 eligibility.

1041 **[From and after July 1 of the year in which Section 25-11-143**  
1042 **becomes effective as provided in subsection (1) of Section**  
1043 **25-11-143, this section shall read as follows:]**

1044 25-15-15. (1) The board may determine the manner in which  
1045 premiums and contributions by the state agencies, local school





1046 districts, colleges, universities, community/junior colleges and  
1047 public libraries will be collected to provide the self-insured  
1048 health insurance program for employees as provided under this  
1049 article. The state shall provide fifty percent (50%) of the cost  
1050 of the above life insurance plan and one hundred percent (100%) of  
1051 the cost of the above health insurance plan for all active  
1052 full-time employees. The employees shall be given the opportunity  
1053 to purchase coverage for their eligible dependents with the  
1054 premiums for the dependent coverage, as well as the employee's  
1055 fifty percent (50%) share for his life insurance coverage, to be  
1056 deductible from the employee's salary by the agency, department or  
1057 institution head. Those deductions, together with the fifty  
1058 percent (50%) share of the life insurance premiums of the  
1059 employing agency, department or institution head from funds  
1060 appropriated to or authorized to be expended by the employing  
1061 agency, department or institution head, shall be deposited  
1062 directly into a depository bank or special fund in the State  
1063 Treasury, as determined by the board. These funds and interest  
1064 earned on these funds may be used for the disbursement of claims  
1065 and shall be exempt from the appropriation process. Provided,  
1066 however, that the State and School Employees Life and Health  
1067 Insurance Plan shall impose no deductible from the reimbursements  
1068 for health expenditures paid by or on behalf of any teacher with  
1069 twenty-five (25) or more years of teaching experience.

1070 (2) The state shall provide annually, by line item in the  
1071 Mississippi Library Commission appropriation bill, the funds to  
1072 pay one hundred percent (100%) of the cost of health insurance  
1073 under the State and School Employees Health Insurance Plan for all  
1074 full-time library staff members in each public library in  
1075 Mississippi. The commission shall allot to each public library a  
1076 sufficient amount of those funds appropriated to pay the costs of  
1077 insurance for eligible employees. Any funds so appropriated by  
1078 line item that are not expended during the fiscal year for which



1079 the funds were appropriated shall be carried forward for the same  
1080 purposes during the next succeeding fiscal year. If any premiums  
1081 for the health insurance and/or late charges and interest  
1082 penalties are not paid by a public library in a timely manner, as  
1083 defined by the board, the Mississippi Library Commission, upon  
1084 notice by the board, shall immediately withhold all subsequent  
1085 disbursements of funds to that public library.

1086 (3) The state shall annually provide one hundred percent  
1087 (100%) of the cost of the health insurance plan for all public  
1088 school district employees who work no less than twenty (20) hours  
1089 during each week and regular nonstudent school bus drivers. Where  
1090 federal funding is allowable to defray, in full or in part, the  
1091 cost of participation in the program by district employees who  
1092 work no less than twenty (20) hours during the week and regular  
1093 nonstudent bus drivers, whose salaries are paid, in full or in  
1094 part, by federal funds, the allowance under this section shall be  
1095 reduced to the extent of that federal funding. Where the use of  
1096 federal funds is allowable but not available, it is the intent of  
1097 the Legislature that school districts contribute the cost of  
1098 participation for the employees from local funds, except that  
1099 parent fees for child nutrition programs shall not be increased to  
1100 cover that cost.

1101 (4) The state shall provide annually, by line item in the  
1102 community/junior college appropriation bill, the funds to pay one  
1103 hundred percent (100%) of the cost of the health insurance plan  
1104 for all community/junior college district employees who work no  
1105 less than twenty (20) hours during each week.

1106 (5) When the use of federal funding is allowable to defray,  
1107 in full or in part, the cost of participation in the insurance  
1108 plan by community/junior college district employees who work no  
1109 less than twenty (20) hours during each week, whose salaries are  
1110 paid, in full or in part, by federal funds, the allowance under  
1111 this section shall be reduced to the extent of the federal



1112 funding. Where the use of federal funds is allowable but not  
1113 available, it is the intent of the Legislature that  
1114 community/junior college districts contribute the cost of  
1115 participation for the employees from local funds.

1116 (6) Any community/junior college district may contribute to  
1117 the cost of coverage for any district employee from local  
1118 community/junior college district funds, and any public school  
1119 district may contribute to the cost of coverage for any district  
1120 employee from nonminimum program funds. Any part of the cost of  
1121 the coverage for participating employees of public school  
1122 districts and public community/junior college districts that is  
1123 not paid by the state shall be paid by the participating  
1124 employees, which shall be deducted from the salaries of the  
1125 employees in a manner determined by the board.

1126 (7) Any funds appropriated for the cost of insurance by line  
1127 item in the community/junior colleges appropriation bill that are  
1128 not expended during the fiscal year for which the funds were  
1129 appropriated shall be carried forward for the same purposes during  
1130 the next succeeding fiscal year.

1131 (8) The board may establish and enforce late charges and  
1132 interest penalties or other penalties for the purpose of requiring  
1133 the prompt payment of all premiums for life and health insurance  
1134 permitted under Chapter 15 of Title 25. All funds in excess of  
1135 the amount needed for disbursement of claims shall be deposited in  
1136 a special fund in the State Treasury to be known as the State and  
1137 School Employees Insurance Fund. The State Treasurer shall invest  
1138 all funds in the State and School Employees Insurance Fund and all  
1139 interest earned shall be credited to the State and School  
1140 Employees Insurance Fund. Those funds shall be placed with one or  
1141 more depositories of the state and invested on the first day that  
1142 the funds are available for investment in certificates of deposit,  
1143 repurchase agreements or in United States Treasury bills or as  
1144 otherwise authorized by law for the investment of Public



1145 Employees' Retirement System funds, as long as the investment is  
1146 made from competitive offering and at the highest and best market  
1147 rate obtainable consistent with any available investment  
1148 alternatives. However, those investments shall not be made in  
1149 shares of stock, common or preferred, or in any other investments  
1150 that would mature more than one (1) year from the date of  
1151 investment. The board shall have the authority to draw from this  
1152 fund periodically such funds as are necessary to operate the  
1153 self-insurance plan or to pay to the insurance carrier the cost of  
1154 operation of this plan, it being the purpose to limit the amount  
1155 of participation by the state to fifty percent (50%) of the cost  
1156 of the life insurance program and not to limit the contracting for  
1157 additional benefits where the cost will be paid in full by the  
1158 employee.

1159 (9) The board shall also provide for the creation of an  
1160 Insurance Reserve Fund, and funds in the reserve fund shall be  
1161 invested by the State Treasurer with all interest earned credited  
1162 to the State and School Employees Insurance Fund.

1163 **SECTION 4.** This act shall take effect and be in force from  
1164 and after July 1, 2003.

