

By: Senator(s) Bryan

To: Finance

SENATE BILL NO. 3088

1 AN ACT TO AMEND SECTION 27-69-13, MISSISSIPPI CODE OF 1972,
2 TO INCREASE THE EXCISE TAX ON CIGARETTES, TO PROVIDE THAT THERE
3 SHALL BE A DISCOUNT OF 1% ON THE ADDITIONAL FACE VALUE OF STAMPS
4 PURCHASED TO COMPLY WITH SUCH INCREASE AND TO REMOVE THE TAXATION
5 OF SNUFF AND OTHER TOBACCO PRODUCTS FROM THE SECTION OF LAW THAT
6 LEVIES THE EXCISE TAX ON DEALERS IN CIGARETTES; TO CREATE NEW
7 SECTION 27-69-13.1, MISSISSIPPI CODE OF 1972, TO LEVY THE EXCISE
8 TAX ON DEALERS IN SNUFF; TO CREATE NEW SECTION 27-69-13.2,
9 MISSISSIPPI CODE OF 1972, TO LEVY THE EXCISE TAX ON DEALERS IN
10 CIGARS, STOGIES, CHEWING TOBACCO, SMOKING TOBACCO AND ALL OTHER
11 TOBACCO PRODUCTS, EXCEPT CIGARETTES AND SNUFF; TO CREATE THE
12 MUNICIPAL SALES TAX DIVERSION FUND AND REQUIRE THAT MONEY IN THE
13 FUND BE DISTRIBUTED MONTHLY TO MUNICIPALITIES IN THE PROPORTION
14 THAT SALES TAX COLLECTIONS FOR GROCERIES DURING THE PRECEDING
15 MONTH IN EACH MUNICIPALITY BEAR TO THE TOTAL SALES TAX COLLECTIONS
16 FOR GROCERIES DURING THE PRECEDING MONTH IN ALL THE MUNICIPALITIES
17 OF THE STATE; TO AMEND SECTION 27-65-75, MISSISSIPPI CODE OF 1972,
18 TO REQUIRE THAT A PORTION OF THE SALES TAX REVENUE COLLECTED EACH
19 MONTH TO BE DEPOSITED IN THE MUNICIPAL SALES TAX DIVERSION FUND,
20 THE EDUCATION ENHANCEMENT FUND AND THE SCHOOL AD VALOREM TAX
21 REDUCTION FUND; TO AMEND SECTIONS 27-69-27 AND 27-69-31,
22 MISSISSIPPI CODE OF 1972, IN CONFORMITY THERETO; TO CREATE A NEW
23 SECTION 27-65-26, MISSISSIPPI CODE OF 1972, TO IMPOSE A SEPARATE
24 SALES TAX LEVY ON RETAIL SALES OF CERTAIN FOOD FOR HUMAN
25 CONSUMPTION AND TO REDUCE THE SALES TAX RATE ON SUCH FOOD EACH
26 FISCAL YEAR THROUGH JULY 1, 2014; TO AMEND SECTION 27-65-17,
27 MISSISSIPPI CODE OF 1972, IN CONFORMITY THERETO; TO AMEND SECTION
28 27-65-111, MISSISSIPPI CODE OF 1972, TO EXEMPT FROM SALES
29 TAXATION, EFFECTIVE JULY 1, 2014, RETAIL SALES OF CERTAIN FOOD FOR
30 HUMAN CONSUMPTION; AND FOR RELATED PURPOSES.

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

32 SECTION 1. Section 27-69-13, Mississippi Code of 1972, is
33 amended as follows:

34 [Through June 30, 2007, this section shall read as follows:]

35 27-69-13. (1) There is * * * imposed, levied and assessed,
36 to be collected and paid as hereinafter provided in this chapter,
37 an excise tax on each person or dealer in cigarettes * * * or
38 substitutes therefor, upon the sale, use, consumption, handling or
39 distribution in the State of Mississippi, * * * at the rate
40 of * * * Three and seventy-five one-hundredths Cents (3.75¢) on
41 each cigarette sold with a maximum length of one hundred twenty

42 (120) millimeters; any cigarette in excess of this length shall be
43 taxed as if it were two (2) or more cigarettes. * * * However, if
44 the federal tax rate on cigarettes in effect on June 1, 1985, is
45 reduced, then the rate as provided in this section shall be
46 increased by the amount of the federal tax reduction. The tax
47 increase shall take effect on the first day of the month following
48 the effective date of such reduction in the federal tax rate.

49 * * *

50 (2) No stamp evidencing the tax * * * levied on cigarettes
51 by this section shall be of a denomination of less than One Cent
52 (1¢), and whenever the tax computed at the rates * * * prescribed
53 on cigarettes in this section is a specified amount, plus a
54 fractional part of One Cent (1¢), the package shall be stamped for
55 the next full cent. However, the additional face value of stamps
56 purchased to comply with taxes imposed by this section after June
57 1, 1985, and prior to July 1, 2006, shall be subject to a four
58 percent (4%) discount or compensation to dealers for their
59 services rather than the eight percent (8%) discount or
60 compensation allowed by Section 27-69-31, and there shall be a
61 discount of one percent (1%) on the additional face value of
62 stamps purchased to comply with taxes imposed by this section on
63 or after July 1, 2006.

64 (3) Every wholesaler shall purchase stamps as provided in
65 this chapter, and affix the stamps to all packages of cigarettes
66 handled by him as * * * provided in this chapter.

67 (4) The * * * tax levied by this section is levied upon the
68 sale, use, gift, possession or consumption of cigarettes or
69 substitutes therefor within the State of Mississippi, and the
70 impact of the tax levied by this section is * * * declared to be
71 on the vendee, user, consumer or possessor of tobacco in this
72 state. * * * When the tax is paid by any other person, the
73 payment shall be considered as an advance payment and shall

74 thereafter be added to the price of the tobacco and recovered from
75 the ultimate consumer or user.

76 [From and after July 1, 2007, this section shall read as
77 follows:]

78 27-69-13. (1) There is * * * imposed, levied and assessed,
79 to be collected and paid as hereinafter provided in this chapter,
80 an excise tax on each person or dealer in cigarettes * * * or
81 substitutes therefor, upon the sale, use, consumption, handling or
82 distribution in the State of Mississippi, * * * at the rate
83 of * * * Five Cents (5¢) on each cigarette sold with a maximum
84 length of one hundred twenty (120) millimeters; any cigarette in
85 excess of this length shall be taxed as if it were two (2) or more
86 cigarettes. * * * However, if the federal tax rate on cigarettes
87 in effect on June 1, 1985, is reduced, then the rate as provided
88 in this section shall be increased by the amount of the federal
89 tax reduction. The tax increase shall take effect on the first
90 day of the month following the effective date of such reduction in
91 the federal tax rate.

92 * * *

93 (2) No stamp evidencing the tax * * * levied on cigarettes
94 by this section shall be of a denomination of less than One Cent
95 (1¢), and whenever the tax computed at the rates * * * prescribed
96 on cigarettes in this section is a specified amount, plus a
97 fractional part of One Cent (1¢), the package shall be stamped for
98 the next full cent. However, the additional face value of stamps
99 purchased to comply with taxes imposed by this section after June
100 1, 1985, and prior to July 1, 2006, shall be subject to a four
101 percent (4%) discount or compensation to dealers for their
102 services rather than the eight percent (8%) discount or
103 compensation allowed by Section 27-69-31, and there shall be no
104 discount on the additional face value of stamps purchased to
105 comply with taxes imposed by this section on or after July 1,
106 2006.

107 (3) Every wholesaler shall purchase stamps as provided in
108 this chapter, and affix the stamps to all packages of cigarettes
109 handled by him as * * * provided in this chapter.

110 (4) The * * * tax levied by this section is levied upon the
111 sale, use, gift, possession or consumption of cigarettes or
112 substitutes therefor within the State of Mississippi, and the
113 impact of the tax levied by this section is * * * declared to be
114 on the vendee, user, consumer or possessor of tobacco in this
115 state. * * * When the tax is paid by any other person, the
116 payment shall be considered as an advance payment and shall
117 thereafter be added to the price of the tobacco and recovered from
118 the ultimate consumer or user.

119 **SECTION 2.** The following provision shall be codified as
120 Section 27-69-13.1, Mississippi Code of 1972:

121 27-69-13.1. (1) There is imposed, levied and assessed, to
122 be collected and paid as hereinafter provided in this chapter, an
123 excise tax on each person or dealer in snuff or substitutes
124 therefor, upon the sale, use, consumption, handling or
125 distribution in the State of Mississippi, at the rate of fifteen
126 percent (15%) of the manufacturer's list price.

127 (2) The tax levied by this section is levied upon the sale,
128 use, gift, possession or consumption of snuff within the State of
129 Mississippi, and the impact of the tax levied by this section is
130 declared to be on the vendee, user, consumer or possessor of snuff
131 in this state. When the tax is paid by any other person, the
132 payment shall be considered as an advance payment and shall
133 thereafter be added to the price of the snuff and recovered from
134 the ultimate consumer or user.

135 **SECTION 3.** The following provision shall be codified as
136 Section 27-69-13.2, Mississippi Code of 1972:

137 27-69-13.2. (1) There is imposed, levied and assessed, to
138 be collected and paid as hereinafter provided in this chapter, an
139 excise tax on each person or dealer in cigars, stogies, chewing

140 tobacco, smoking tobacco and all other tobacco products, except
141 cigarettes and snuff, upon the sale, use, consumption, handling or
142 distribution in the State of Mississippi, at the rate of fifteen
143 percent (15%) of the manufacturer's list price.

144 (2) The tax levied by this section is levied upon the sale,
145 use, gift, possession or consumption of cigars, stogies, chewing
146 tobacco, smoking tobacco and all other tobacco products, except
147 cigarettes or snuff, and the impact of the tax levied by this
148 section is declared to be on the vendee, user, consumer or
149 possessor of tobacco in this state. When the tax is paid by any
150 other person, such payment shall be considered as an advance
151 payment and shall thereafter be added to the price of the tobacco
152 and recovered from the ultimate consumer or user.

153 **SECTION 4.** (1) There is created in the State Treasury a
154 special fund known as the Municipal Sales Tax Diversion Fund which
155 shall be comprised of the money required to be deposited into the
156 fund under Section 27-65-75. Money in the fund shall be expended
157 by the State Tax Commission to make payments to municipalities as
158 required by this section. Unexpended amounts remaining in the
159 special fund at the end of a fiscal year shall not lapse into the
160 State General Fund, and any interest earned or investment earnings
161 on amounts in the special fund shall be deposited to the credit of
162 the special fund.

163 (2) On or before August 15, 2006, and each succeeding month
164 thereafter, the State Tax Commission shall distribute from the
165 special fund the amount required to be deposited in the special
166 fund during the preceding month under Section 27-65-75 to each
167 municipality in the state, in an amount equal to the proportion
168 that the sales tax collections from retail sales of food taxed
169 under Section 27-65-26 for the preceding month in each
170 municipality bear to the total sales tax collections from retail
171 sales of food taxed under Section 27-65-26 for the preceding month
172 in all the municipalities of the state; however, from and after

173 July 1, 2014, each municipality shall receive an amount equal to
174 the proportion that the population of each municipality bears to
175 the total population of all the municipalities of the state based
176 on the 2010 federal decennial census. On July 1, 2021, and every
177 tenth year thereafter, the proportion received by each
178 municipality shall be recalculated to reflect the most recent
179 federal decennial census.

180 **SECTION 5.** Section 27-65-75, Mississippi Code of 1972, is
181 amended as follows:

182 27-65-75. On or before the fifteenth day of each month, the
183 revenue collected under the provisions of this chapter during the
184 preceding month shall be paid and distributed as follows:

185 (1) On or before August 15, 1992, and each succeeding month
186 thereafter through July 15, 1993, eighteen percent (18%) of the
187 total sales tax revenue collected during the preceding month under
188 the provisions of this chapter, except that collected under the
189 provisions of Sections 27-65-15, 27-65-19(3) and 27-65-21, on
190 business activities within a municipal corporation shall be
191 allocated for distribution to the municipality and paid to the
192 municipal corporation. On or before August 15, 1993, and each
193 succeeding month thereafter, eighteen and one-half percent
194 (18-1/2%) of the total sales tax revenue collected during the
195 preceding month under the provisions of this chapter, except that
196 collected under the provisions of Sections 27-65-15, 27-65-19(3)
197 and 27-65-21, on business activities within a municipal
198 corporation shall be allocated for distribution to the
199 municipality and paid to the municipal corporation.

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

203 Monies allocated for distribution and credited to a municipal
204 corporation under this subsection may be pledged as security for a
205 loan if the distribution received by the municipal corporation is

206 otherwise authorized or required by law to be pledged as security
207 for such a loan.

208 In any county having a county seat that is not an
209 incorporated municipality, the distribution provided under this
210 subsection shall be made as though the county seat was an
211 incorporated municipality; however, the distribution to the
212 municipality shall be paid to the county treasury in which the
213 municipality is located, and those funds shall be used for road,
214 bridge and street construction or maintenance in the county.

215 (2) On or before September 15, 1987, and each succeeding
216 month thereafter, from the revenue collected under this chapter
217 during the preceding month, One Million One Hundred Twenty-five
218 Thousand Dollars (\$1,125,000.00) shall be allocated for
219 distribution to municipal corporations as defined under subsection
220 (1) of this section in the proportion that the number of gallons
221 of gasoline and diesel fuel sold by distributors to consumers and
222 retailers in each such municipality during the preceding fiscal
223 year bears to the total gallons of gasoline and diesel fuel sold
224 by distributors to consumers and retailers in municipalities
225 statewide during the preceding fiscal year. The State Tax
226 Commission shall require all distributors of gasoline and diesel
227 fuel to report to the commission monthly the total number of
228 gallons of gasoline and diesel fuel sold by them to consumers and
229 retailers in each municipality during the preceding month. The
230 State Tax Commission shall have the authority to promulgate such
231 rules and regulations as is necessary to determine the number of
232 gallons of gasoline and diesel fuel sold by distributors to
233 consumers and retailers in each municipality. In determining the
234 percentage allocation of funds under this subsection for the
235 fiscal year beginning July 1, 1987, and ending June 30, 1988, the
236 State Tax Commission may consider gallons of gasoline and diesel
237 fuel sold for a period of less than one (1) fiscal year. For the

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

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

252 (4) On or before August 15, 1994, and on or before the
253 fifteenth day of each succeeding month through July 15, 1999, from
254 the proceeds of gasoline, diesel fuel or kerosene taxes as
255 provided in Section 27-5-101(a)(ii)1, Four Million Dollars
256 (\$4,000,000.00) shall be deposited in the State Treasury to the
257 credit of a special fund designated as the "State Aid Road Fund,"
258 created by Section 65-9-17. On or before August 15, 1999, and on
259 or before the fifteenth day of each succeeding month, from the
260 total amount of the proceeds of gasoline, diesel fuel or kerosene
261 taxes apportioned by Section 27-5-101(a)(ii)1, Four Million
262 Dollars (\$4,000,000.00) or an amount equal to twenty-three and
263 one-fourth percent (23-1/4%) of those funds, whichever is the
264 greater amount, shall be deposited in the State Treasury to the
265 credit of the "State Aid Road Fund," created by Section 65-9-17.
266 Those funds shall be pledged to pay the principal of and interest
267 on state aid road bonds heretofore issued under Sections 19-9-51
268 through 19-9-77, in lieu of and in substitution for the funds
269 previously allocated to counties under this section. Those funds
270 may not be pledged for the payment of any state aid road bonds

271 issued after April 1, 1981; however, this prohibition against the
272 pledging of any such funds for the payment of bonds shall not
273 apply to any bonds for which intent to issue those bonds has been
274 published, for the first time, as provided by law before March 29,
275 1981. From the amount of taxes paid into the special fund under
276 this subsection and subsection (9) of this section, there shall be
277 first deducted and paid the amount necessary to pay the expenses
278 of the Office of State Aid Road Construction, as authorized by the
279 Legislature for all other general and special fund agencies. The
280 remainder of the fund shall be allocated monthly to the several
281 counties in accordance with the following formula:

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

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

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

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

295 The amount of funds allocated to any county under this
296 subsection for any fiscal year after fiscal year 1994 shall not be
297 less than the amount allocated to the county for fiscal year 1994.

298 Any reference in the general laws of this state or the
299 Mississippi Code of 1972 to Section 27-5-105 shall mean and be
300 construed to refer and apply to subsection (4) of Section
301 27-65-75.

302 (5) One Million Six Hundred Sixty-six Thousand Six Hundred
303 Sixty-six Dollars (\$1,666,666.00) each month shall be paid into

304 the special fund known as the "State Public School Building Fund"
305 created and existing under the provisions of Sections 37-47-1
306 through 37-47-67. Those payments into that fund are to be made on
307 the last day of each succeeding month hereafter.

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

313 (7) On or before August 15, 1992, and each succeeding month
314 thereafter through July 15, 2000, two and two hundred sixty-six
315 one-thousandths percent (2.266%) of the total sales tax revenue
316 collected during the preceding month under the provisions of this
317 chapter, except that collected under the provisions of Section
318 27-65-17(2) shall be deposited by the commission into the School
319 Ad Valorem Tax Reduction Fund created under Section 37-61-35. On
320 or before August 15, 2000, and each succeeding month thereafter,
321 two and two hundred sixty-six one-thousandths percent (2.266%) of
322 the total sales tax revenue collected during the preceding month
323 under the provisions of this chapter, except that collected under
324 the provisions of Section 27-65-17(2), shall be deposited into the
325 School Ad Valorem Tax Reduction Fund created under Section
326 37-61-35 until such time that the total amount deposited into the
327 fund during a fiscal year equals Forty-two Million Dollars
328 (\$42,000,000.00). Thereafter, the amounts diverted under this
329 subsection (7) during the fiscal year in excess of Forty-two
330 Million Dollars (\$42,000,000.00) shall be deposited into the
331 Education Enhancement Fund created under Section 37-61-33 for
332 appropriation by the Legislature as other education needs and
333 shall not be subject to the percentage appropriation requirements
334 set forth in Section 37-61-33.

335 (8) On or before August 15, 1992, and each succeeding month
336 thereafter, nine and seventy-three one-thousandths percent

337 (9.073%) of the total sales tax revenue collected during the
338 preceding month under the provisions of this chapter, except that
339 collected under the provisions of Section 27-65-17(2), shall be
340 deposited into the Education Enhancement Fund created under
341 Section 37-61-33.

342 (9) On or before August 15, 1994, and each succeeding month
343 thereafter, from the revenue collected under this chapter during
344 the preceding month, Two Hundred Fifty Thousand Dollars
345 (\$250,000.00) shall be paid into the State Aid Road Fund.

346 (10) On or before August 15, 1994, and each succeeding month
347 thereafter through August 15, 1995, from the revenue collected
348 under this chapter during the preceding month, Two Million Dollars
349 (\$2,000,000.00) shall be deposited into the Motor Vehicle Ad
350 Valorem Tax Reduction Fund established in Section 27-51-105.

351 (11) Notwithstanding any other provision of this section to
352 the contrary, on or before February 15, 1995, and each succeeding
353 month thereafter, the sales tax revenue collected during the
354 preceding month under the provisions of Section 27-65-17(2) and
355 the corresponding levy in Section 27-65-23 on the rental or lease
356 of private carriers of passengers and light carriers of property
357 as defined in Section 27-51-101 shall be deposited, without
358 diversion, into the Motor Vehicle Ad Valorem Tax Reduction Fund
359 established in Section 27-51-105.

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

369 (13) On or before July 15, 1994, and on or before the
370 fifteenth day of each succeeding month thereafter, that portion of
371 the avails of the tax imposed in Section 27-65-22 that is derived
372 from activities held on the Mississippi state fairgrounds complex,
373 shall be paid into a special fund that is created in the State
374 Treasury and shall be expended upon legislative appropriation
375 solely to defray the costs of repairs and renovation at the Trade
376 Mart and Coliseum.

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

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

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

398 (17) Notwithstanding any other provision of this section to
399 the contrary, on or before April 15, 2002, and each succeeding
400 month thereafter, the sales tax revenue collected during the
401 preceding month under Section 27-65-23 on sales of parking

402 services of parking garages and lots at airports shall be
403 deposited, without diversion, into the special fund created under
404 Section 27-5-101(d).

405 (18) On or before August 15, 2007, and each succeeding month
406 thereafter through July 15, 2008, from the sales tax revenue
407 collected during the preceding month under the provisions of this
408 chapter, Two Million Five Hundred Thousand Dollars (\$2,500,000.00)
409 shall be deposited into the Special Funds Transfer Fund created in
410 Section 4 of Chapter 556, Laws of 2003.

411 (19) (a) On or before August 15, 2005, and each succeeding
412 month thereafter, the sales tax revenue collected during the
413 preceding month under the provisions of this chapter on the gross
414 proceeds of sales of a business enterprise located within a
415 redevelopment project area under the provisions of Sections
416 57-91-1 through 57-91-11, and the revenue collected on the gross
417 proceeds of sales from sales made to a business enterprise located
418 in a redevelopment project area under the provisions of Sections
419 57-91-1 through 57-91-11 (provided that such sales made to a
420 business enterprise are made on the premises of the business
421 enterprise), shall, except as otherwise provided in this
422 subsection (19), be deposited, after all diversions, into the
423 Redevelopment Project Incentive Fund as created in Section
424 57-91-9.

425 (b) For a municipality participating in the Economic
426 Redevelopment Act created in Sections 57-91-1 through 57-91-11,
427 the diversion provided for in subsection (1) of this section
428 attributable to the gross proceeds of sales of a business
429 enterprise located within a redevelopment project area under the
430 provisions of Sections 57-91-1 through 57-91-11, and attributable
431 to the gross proceeds of sales from sales made to a business
432 enterprise located in a redevelopment project area under the
433 provisions of Sections 57-91-1 through 57-91-11 (provided that
434 such sales made to a business enterprise are made on the premises

435 of the business enterprise), shall be deposited into the
436 Redevelopment Project Incentive Fund as created in Section
437 57-91-9, as follows:

438 (i) For the first six (6) years in which payments
439 are made to a developer from the Redevelopment Project Incentive
440 Fund, one hundred percent (100%) of the diversion shall be
441 deposited into the fund;

442 (ii) For the seventh year in which such payments
443 are made to a developer from the Redevelopment Project Incentive
444 Fund, eighty percent (80%) of the diversion shall be deposited
445 into the fund;

446 (iii) For the eighth year in which such payments
447 are made to a developer from the Redevelopment Project Incentive
448 Fund, seventy percent (70%) of the diversion shall be deposited
449 into the fund;

450 (iv) For the ninth year in which such payments are
451 made to a developer from the Redevelopment Project Incentive Fund,
452 sixty percent (60%) of the diversion shall be deposited into the
453 fund; and

454 (v) For the tenth year in which such payments are
455 made to a developer from the Redevelopment Project Incentive Fund,
456 fifty percent (50%) of the funds shall be deposited into the fund.

457 (20) On or before August 15, 2006, and each succeeding month
458 thereafter, the following amount of sales tax revenue collected
459 during the preceding month under the provisions of this chapter
460 shall be deposited, after all diversions, into the following
461 funds:

462 (a) (i) Through June 30, 2007, Two Million Dollars
463 (\$2,000,000.00) into the Municipal Sales Tax Diversion Fund
464 created under Section 4 of Senate Bill No. 3088, 2006 Regular
465 Session.

466 (ii) From and after July 1, 2007, through June 30,
467 2008, Two Million Eight Hundred Thousand Dollars (\$2,800,000.00)

468 into the Municipal Sales Tax Diversion Fund created under Section
469 4 of Senate Bill No. 3088, 2006 Regular Session.

470 (iii) From and after July 1, 2008, through June
471 30, 2009, Three Million Two Hundred Thousand Dollars
472 (\$3,200,000.00) into the Municipal Sales Tax Diversion Fund
473 created under Section 4 of Senate Bill No. 3088, 2006 Regular
474 Session.

475 (iv) From and after July 1, 2009, through June 30,
476 2010, Three Million Six Hundred Thousand Dollars (\$3,600,000.00)
477 into the Municipal Sales Tax Diversion Fund created under Section
478 4 of Senate Bill No. 3088, 2006 Regular Session.

479 (v) From and after July 1, 2010, through June 30,
480 2011, Four Million Dollars (\$4,000,000.00) into the Municipal
481 Sales Tax Diversion Fund created under Section 4 of Senate Bill
482 No. 3088, 2006 Regular Session.

483 (vi) From and after July 1, 2011, through June 30,
484 2012, Four Million Four Hundred Thousand Dollars (\$4,400,000.00)
485 into the Municipal Sales Tax Diversion Fund created under Section
486 4 of Senate Bill No. 3088, 2006 Regular Session.

487 (vii) From and after July 1, 2012, through June
488 30, 2013, Four Million Eight Hundred Thousand Dollars
489 (\$4,800,000.00) into the Municipal Sales Tax Diversion Fund
490 created under Section 4 of Senate Bill No. 3088, 2006 Regular
491 Session.

492 (viii) From and after July 1, 2013, through June
493 30, 2014, Five Million Two Hundred Thousand Dollars
494 (\$5,200,000.00) into the Municipal Sales Tax Diversion Fund
495 created under Section 4 of Senate Bill No. 3088, 2006 Regular
496 Session.

497 (ix) From and after July 1, 2014, Five Million Six
498 Hundred Thousand Dollars (\$5,600,000.00) into the Municipal Sales
499 Tax Diversion Fund created under Section 4 of Senate Bill No.
500 3088, 2006 Regular Session.

501 (b) (i) Through June 30, 2007, One Million Eighty
502 Thousand Dollars (\$1,080,000.00) into the Education Enhancement
503 Fund created under Section 37-61-33.

504 (ii) From and after July 1, 2007, through June 30,
505 2008, One Million Five Hundred Twelve Thousand Dollars
506 (\$1,512,000.00) into the Education Enhancement Fund created under
507 Section 37-61-33.

508 (iii) From and after July 1, 2008, through June
509 30, 2009, One Million Seven Hundred Twenty-eight Thousand Dollars
510 (\$1,728,000.00) into the Education Enhancement Fund created under
511 Section 37-61-33.

512 (iv) From and after July 1, 2009, through June 30,
513 2010, One Million Nine Hundred Forty-four Thousand Dollars
514 (\$1,944,000.00) into the Education Enhancement Fund created under
515 Section 37-61-33.

516 (v) From and after July 1, 2010, through June 30,
517 2011, Two Million One Hundred Sixty Thousand Dollars
518 (\$2,160,000.00) into the Education Enhancement Fund created under
519 Section 37-61-33.

520 (vi) From and after July 1, 2011, through June 30,
521 2012, Two Million Three Hundred Seventy-six Thousand Dollars
522 (\$2,376,000.00) into the Education Enhancement Fund created under
523 Section 37-61-33.

524 (vii) From and after July 1, 2012, through June
525 30, 2013, Two Million Five Hundred Ninety-two Thousand Dollars
526 (\$2,592,000.00) into the Education Enhancement Fund created under
527 Section 37-61-33.

528 (viii) From and after July 1, 2013, through June
529 30, 2014, Two Million Eight Hundred Eight Thousand Dollars
530 (\$2,808,000.00) into the Education Enhancement Fund created under
531 Section 37-61-33.

532 (ix) From and after July 1, 2014, Three Million
533 Twenty-four Thousand Dollars (\$3,024,000.00) into the Education
534 Enhancement Fund created under Section 37-61-33.

535 (c) (i) Through June 30, 2007, Two Hundred Seventy
536 Thousand Dollars (\$270,000.00) into the School Ad Valorem Tax
537 Reduction Fund created under Section 37-61-35.

538 (ii) From and after July 1, 2007, through June 30,
539 2008, Three Hundred Seventy-eight Thousand Dollars (\$378,000.00)
540 into the School Ad Valorem Tax Reduction Fund created under
541 Section 37-61-35.

542 (iii) From and after July 1, 2008, through June
543 30, 2009, Four Hundred Thirty-two Thousand Dollars (\$432,000.00)
544 into the School Ad Valorem Tax Reduction Fund created under
545 Section 37-61-35.

546 (iv) From and after July 1, 2009, through June 30,
547 2010, Four Hundred Eighty-six Thousand Dollars (\$486,000.00) into
548 the School Ad Valorem Tax Reduction Fund created under Section
549 37-61-35.

550 (v) From and after July 1, 2010, through June 30,
551 2011, Five Hundred Forty Thousand Dollars (\$540,000.00) into the
552 School Ad Valorem Tax Reduction Fund created under Section
553 37-61-35.

554 (vi) From and after July 1, 2011, through June 30,
555 2012, Five Hundred Ninety-four Thousand Dollars (\$594,000.00) into
556 the School Ad Valorem Tax Reduction Fund created under Section
557 37-61-35.

558 (vii) From and after July 1, 2012, through June
559 30, 2013, Six Hundred Forty-eight Thousand Dollars (\$648,000.00)
560 into the School Ad Valorem Tax Reduction Fund created under
561 Section 37-61-35.

562 (viii) From and after July 1, 2013, through June
563 30, 2014, Seven Hundred Two Thousand Dollars (\$702,000.00) into

564 the School Ad Valorem Tax Reduction Fund created under Section
565 37-61-35.

566 (ix) From and after July 1, 2014, Seven Hundred
567 Fifty-six Thousand Dollars (\$756,000.00) into the School Ad
568 Valorem Tax Reduction Fund created under Section 37-61-35.

569 (21) The remainder of the amounts collected under the
570 provisions of this chapter shall be paid into the State Treasury
571 to the credit of the General Fund.

572 (22) It shall be the duty of the municipal officials of any
573 municipality that expands its limits, or of any community that
574 incorporates as a municipality, to notify the commissioner of that
575 action thirty (30) days before the effective date. Failure to so
576 notify the commissioner shall cause the municipality to forfeit
577 the revenue that it would have been entitled to receive during
578 this period of time when the commissioner had no knowledge of the
579 action. If any funds have been erroneously disbursed to any
580 municipality or any overpayment of tax is recovered by the
581 taxpayer, the commissioner may make correction and adjust the
582 error or overpayment with the municipality by withholding the
583 necessary funds from any later payment to be made to the
584 municipality.

585 **SECTION 6.** Section 27-69-27, Mississippi Code of 1972, is
586 amended as follows:

587 27-69-27. The payment of the tax imposed by this chapter
588 shall be evidenced by affixing stamps to each individual package
589 of cigarettes usually sold to consumers, as distinguished from
590 cartons or larger units which are composed of a number of
591 individual packages.

592 The stamp shall be affixed within seventy-two (72) hours
593 after the receipt of the cigarettes by the wholesaler, and within
594 forty-eight (48) hours after receipt of the cigarettes by the
595 retailer; provided, that in the case a dealer conducts a wholesale
596 and retail business at one (1) place of business, stamps shall be

597 affixed within forty-eight (48) hours after receipt of the
598 cigarettes. The stamp must be so securely affixed as to require
599 the continued application of water or of steam to remove it, or so
600 that it cannot be otherwise removed without destruction or
601 mutilation.

602 The excise tax imposed on cigars, smoking tobacco, chewing
603 tobacco, snuff and all other tobacco products except cigarettes
604 shall be computed by the application of the excise tax rate to the
605 manufacturer's list price on all purchases of such tobacco. The
606 excise tax shall be due and payable on or before the fifteenth day
607 of the month next succeeding the month in which the tax accrues.
608 The tax shall be filed with the commissioner on forms prescribed
609 by the commissioner.

610 Provided, however, manufacturers or other wholesale
611 distributors of tobacco, which are subject to the excise taxes
612 imposed by Sections 27-69-13, 27-69-13.1 and 27-69-13.2 * * * for
613 the privilege of selling or using such tobaccos within this state,
614 who maintain "terminals" or warehouses in which such tobaccos are
615 stored, and who sell only to licensed wholesale dealers within the
616 state who are qualified to purchase and affix the stamps required,
617 may maintain such "spot stocks," intended only for such sales,
618 without affixing the stamps or filing returns and paying the tax.

619 Any person desiring to maintain such "terminal" or warehouse,
620 shall make application to the commissioner and obtain a permit to
621 maintain such stocks without affixing stamps thereto, for sale
622 exclusively to out-of-state purchasers, or licensed wholesale
623 dealers within this state, and the commissioner is hereby
624 authorized to grant such permit upon the execution and filing with
625 the commissioner, by the applicant, a bond with surety companies,
626 authorized to do business in Mississippi, as surety thereon, and
627 conditioned for the strict compliance by the applicant, with the
628 following conditions under which said privilege may be granted.

629 The person maintaining such stock of untaxed tobacco shall
630 supply to the commissioner monthly, or at such times as the
631 commissioner may require, complete invoices of all tobaccos
632 received, and shall also supply correct invoices of all tobaccos
633 removed from such "terminal" or warehouse, said invoices to
634 contain the correct name and address of all persons to whom such
635 tobacco shall be delivered or consigned, whether within or without
636 the State of Mississippi.

637 The penalty of such bond shall be determined by the
638 commissioner, in an amount sufficient to protect the State of
639 Mississippi from any loss of revenue which might occur by reason
640 of the failure of principal to strictly adhere to the requirement
641 that no tobacco would be sold from such stock within the State of
642 Mississippi, except to licensed wholesale dealers.

643 **SECTION 7.** Section 27-69-31, Mississippi Code of 1972, is
644 amended as follows:

645 27-69-31. Dealers subject to the provisions of this chapter
646 shall be allowed, as compensation for their services in affixing
647 the stamps * * * required by this chapter, a sum equal to eight
648 percent (8%) of the face value of the stamps purchased by them,
649 except as otherwise provided in Section 27-69-13(2); however, the
650 commission shall allow no discount on the purchase of stamps by
651 wholesalers of an aggregate amount of less than One Hundred
652 Dollars (\$100.00), and by retailers of an aggregate amount of less
653 than Fifty Dollars (\$50.00) in any one (1) order.

654 * * * The commissioner may, in his discretion, either
655 reduce the compensation allowed, or disallow any compensation for
656 the affixing of stamps, for failure of the dealer to comply with
657 any provisions of the law or rules and regulations promulgated by
658 the commissioner.

659 **SECTION 8.** The following provision shall be codified as
660 Section 27-65-26, Mississippi Code of 1972:

661 27-65-26. (1) From and after July 1, 2006, through June 30,
662 2007, retail sales of food for human consumption not purchased
663 with food stamps issued by the United States Department of
664 Agriculture, or other federal agency, but which would be exempt
665 under paragraph (o) of Section 27-65-111 from the taxes imposed by
666 this chapter if the food items were purchased with food stamps,
667 shall be taxed at the rate of four and one-half percent (4-1/2%).

668 (2) From and after July 1, 2007, through June 30, 2008,
669 retail sales of food for human consumption not purchased with food
670 stamps issued by the United States Department of Agriculture, or
671 other federal agency, but which would be exempt under paragraph
672 (o) of Section 27-65-111 from the taxes imposed by this chapter if
673 the food items were purchased with food stamps, shall be taxed at
674 the rate of three and one-half percent (3-1/2%).

675 (3) From and after July 1, 2008, through June 30, 2009,
676 retail sales of food for human consumption not purchased with food
677 stamps issued by the United States Department of Agriculture, or
678 other federal agency, but which would be exempt under paragraph
679 (o) of Section 27-65-111 from the taxes imposed by this chapter if
680 the food items were purchased with food stamps, shall be taxed at
681 the rate of Three percent (3%).

682 (4) From and after July 1, 2009, through June 30, 2010,
683 retail sales of food for human consumption not purchased with food
684 stamps issued by the United States Department of Agriculture, or
685 other federal agency, but which would be exempt under paragraph
686 (o) of Section 27-65-111 from the taxes imposed by this chapter if
687 the food items were purchased with food stamps, shall be taxed at
688 the rate of two and one-half percent (2-1/2%).

689 (5) From and after July 1, 2010, through June 30, 2011,
690 retail sales of food for human consumption not purchased with food
691 stamps issued by the United States Department of Agriculture, or
692 other federal agency, but which would be exempt under paragraph
693 (o) of Section 27-65-111 from the taxes imposed by this chapter if

694 the food items were purchased with food stamps, shall be taxed at
695 the rate of two percent (2%).

696 (6) From and after July 1, 2011, through June 30, 2012,
697 retail sales of food for human consumption not purchased with food
698 stamps issued by the United States Department of Agriculture, or
699 other federal agency, but which would be exempt under paragraph
700 (o) of Section 27-65-111 from the taxes imposed by this chapter if
701 the food items were purchased with food stamps, shall be taxed at
702 the rate of one and one-half percent (1-1/2%).

703 (7) From and after July 1, 2012, through June 30, 2013,
704 retail sales of food for human consumption not purchased with food
705 stamps issued by the United States Department of Agriculture, or
706 other federal agency, but which would be exempt under paragraph
707 (o) of Section 27-65-111 from the taxes imposed by this chapter if
708 the food items were purchased with food stamps, shall be taxed at
709 the rate of one percent (1%).

710 (8) From and after July 1, 2013, through June 30, 2014,
711 retail sales of food for human consumption not purchased with food
712 stamps issued by the United States Department of Agriculture, or
713 other federal agency, but which would be exempt under paragraph
714 (o) of Section 27-65-111 from the taxes imposed by this chapter if
715 the food items were purchased with food stamps, shall be taxed at
716 the rate of one-half percent (1/2%).

717 (9) This section shall stand repealed from and after July 1,
718 2014.

719 **SECTION 9.** Section 27-65-17, Mississippi Code of 1972, is
720 amended as follows:

721 27-65-17. (1) (a) Except as otherwise provided in this
722 section, upon every person engaging or continuing within this
723 state in the business of selling any tangible personal property
724 whatsoever there is hereby levied, assessed and shall be collected
725 a tax equal to seven percent (7%) of the gross proceeds of the
726 retail sales of the business.

727 (b) Retail sales of farm tractors shall be taxed at the
728 rate of one percent (1%) when made to farmers for agricultural
729 purposes.

730 (c) Retail sales of farm implements sold to farmers and
731 used directly in the production of poultry, ratite, domesticated
732 fish as defined in Section 69-7-501, livestock, livestock
733 products, agricultural crops or ornamental plant crops or used for
734 other agricultural purposes shall be taxed at the rate of three
735 percent (3%) when used on the farm. The three percent (3%) rate
736 shall also apply to all equipment used in logging, pulpwood
737 operations or tree farming which is either:

738 (i) Self-propelled, or

739 (ii) Mounted so that it is permanently attached to
740 other equipment which is self-propelled or permanently attached to
741 other equipment drawn by a vehicle which is self-propelled.

742 (d) Except as otherwise provided in subsection (3) of
743 this section, retail sales of aircraft, automobiles, trucks,
744 truck-tractors, semitrailers and mobile homes shall be taxed at
745 the rate of three percent (3%).

746 (e) Sales of manufacturing machinery or manufacturing
747 machine parts when made to a manufacturer or custom processor for
748 plant use only when the machinery and machine parts will be used
749 exclusively and directly within this state in manufacturing a
750 commodity for sale, rental or in processing for a fee shall be
751 taxed at the rate of one and one-half percent (1-1/2%).

752 (f) Sales of machinery and machine parts when made to a
753 technology intensive enterprise for plant use only when the
754 machinery and machine parts will be used exclusively and directly
755 within this state for industrial purposes, including, but not
756 limited to, manufacturing or research and development activities,
757 shall be taxed at the rate of one and one-half percent (1-1/2%).
758 In order to be considered a technology intensive enterprise for
759 purposes of this paragraph:

760 (i) The enterprise shall meet minimum criteria
761 established by the Mississippi Development Authority;

762 (ii) The enterprise shall employ at least ten (10)
763 persons in full-time jobs;

764 (iii) At least ten percent (10%) of the workforce
765 in the facility operated by the enterprise shall be scientists,
766 engineers or computer specialists;

767 (iv) The enterprise shall manufacture plastics,
768 chemicals, automobiles, aircraft, computers or electronics; or
769 shall be a research and development facility, a computer design or
770 related facility, or a software publishing facility or other
771 technology intensive facility or enterprise as determined by the
772 Mississippi Development Authority;

773 (v) The average wage of all workers employed by
774 the enterprise at the facility shall be at least one hundred fifty
775 percent (150%) of the state average annual wage; and

776 (vi) The enterprise must provide a basic health
777 care plan to all employees at the facility.

778 (g) Sales of materials for use in track and track
779 structures to a railroad whose rates are fixed by the Interstate
780 Commerce Commission or the Mississippi Public Service Commission
781 shall be taxed at the rate of three percent (3%).

782 (h) Sales of tangible personal property to electric
783 power associations for use in the ordinary and necessary operation
784 of their generating or distribution systems shall be taxed at the
785 rate of one percent (1%).

786 (i) Wholesale sales of beer shall be taxed at the rate
787 of seven percent (7%), and the retailer shall file a return and
788 compute the retail tax on retail sales but may take credit for the
789 amount of the tax paid to the wholesaler on said return covering
790 the subsequent sales of same property, provided adequate invoices
791 and records are maintained to substantiate the credit.

792 (j) Wholesale sales of food and drink for human
793 consumption to full service vending machine operators to be sold
794 through vending machines located apart from and not connected with
795 other taxable businesses shall be taxed at the rate of eight
796 percent (8%).

797 (k) Sales of equipment used or designed for the purpose
798 of assisting disabled persons, such as wheelchair equipment and
799 lifts, that is mounted or attached to or installed on a private
800 carrier of passengers or light carrier of property, as defined in
801 Section 27-51-101, at the time when the private carrier of
802 passengers or light carrier of property is sold shall be taxed at
803 the same rate as the sale of such vehicles under this section.

804 (1) From and after July 1, 2006, through June 30, 2014,
805 retail sales of food for human consumption not purchased with food
806 stamps issued by the United States Department of Agriculture, or
807 other federal agency, but which would be exempt under paragraph
808 (o) of Section 27-65-111 from the taxes imposed by this chapter if
809 the food items were purchased with food stamps, shall be taxed as
810 provided for in Section 27-65-26.

811 (2) From and after January 1, 1995, retail sales of private
812 carriers of passengers and light carriers of property, as defined
813 in Section 27-51-101, shall be taxed an additional two percent
814 (2%).

815 (3) In lieu of the tax levied in subsection (1) of this
816 section, there is levied on retail sales of truck-tractors and
817 semitrailers used in interstate commerce and registered under the
818 International Registration Plan (IRP) or any similar reciprocity
819 agreement or compact relating to the proportional registration of
820 commercial vehicles entered into as provided for in Section
821 27-19-143, a tax at the rate of three percent (3%) of the portion
822 of the sale that is attributable to the usage of such
823 truck-tractor or semitrailer in Mississippi. The portion of the
824 retail sale that is attributable to the usage of such

825 truck-tractor or semitrailer in Mississippi is the retail sales
826 price of the truck-tractor or semitrailer multiplied by the
827 percentage of the total miles traveled by the vehicle that are
828 traveled in Mississippi. The tax levied pursuant to this
829 subsection (3) shall be collected by the State Tax Commission from
830 the purchaser of such truck-tractor or semitrailer at the time of
831 registration of such truck-tractor or semitrailer.

832 (4) A manufacturer selling at retail in this state shall be
833 required to make returns of the gross proceeds of such sales and
834 pay the tax imposed in this section.

835 (5) Any person exercising any privilege taxable under
836 Section 27-65-15 and selling his natural resource products at
837 wholesale or to exempt persons shall pay the tax levied by said
838 section in lieu of the tax levied by this section.

839 **SECTION 10.** Section 27-65-111, Mississippi Code of 1972, is
840 amended as follows:

841 27-65-111. The exemptions from the provisions of this
842 chapter which are not industrial, agricultural or governmental, or
843 which do not relate to utilities or taxes, or which are not
844 properly classified as one of the exemption classifications of
845 this chapter, shall be confined to persons or property exempted by
846 this section or by the Constitution of the United States or the
847 State of Mississippi. No exemptions as now provided by any other
848 section, except the classified exemption sections of this chapter
849 set forth herein, shall be valid as against the tax herein levied.
850 Any subsequent exemption from the tax levied hereunder, except as
851 indicated above, shall be provided by amendments to this section.

852 No exemption provided in this section shall apply to taxes
853 levied by Section 27-65-15 or 27-65-21, Mississippi Code of 1972.

854 The tax levied by this chapter shall not apply to the
855 following:

856 (a) Sales of tangible personal property and services to
857 hospitals or infirmaries owned and operated by a corporation or

858 association in which no part of the net earnings inures to the
859 benefit of any private shareholder, group or individual, and which
860 are subject to and governed by Sections 41-7-123 through 41-7-127.

861 Only sales of tangible personal property or services which
862 are ordinary and necessary to the operation of such hospitals and
863 infirmaries are exempted from tax.

864 (b) Sales of daily or weekly newspapers, and
865 periodicals or publications of scientific, literary or educational
866 organizations exempt from federal income taxation under Section
867 501(c)(3) of the Internal Revenue Code of 1954, as it exists as of
868 March 31, 1975, and subscription sales of all magazines.

869 (c) Sales of coffins, caskets and other materials used
870 in the preparation of human bodies for burial.

871 (d) Sales of tangible personal property for immediate
872 export to a foreign country.

873 (e) Sales of tangible personal property to an
874 orphanage, old men's or ladies' home, supported wholly or in part
875 by a religious denomination, fraternal nonprofit organization or
876 other nonprofit organization.

877 (f) Sales of tangible personal property, labor or
878 services taxable under Sections 27-65-17, 27-65-19 and 27-65-23,
879 to a YMCA, YWCA, a Boys' or Girls' Club owned and operated by a
880 corporation or association in which no part of the net earnings
881 inures to the benefit of any private shareholder, group or
882 individual.

883 (g) Sales to elementary and secondary grade schools,
884 junior and senior colleges owned and operated by a corporation or
885 association in which no part of the net earnings inures to the
886 benefit of any private shareholder, group or individual, and which
887 are exempt from state income taxation, provided that this
888 exemption does not apply to sales of property or services which
889 are not to be used in the ordinary operation of the school, or
890 which are to be resold to the students or the public.

891 (h) The gross proceeds of retail sales and the use or
892 consumption in this state of drugs and medicines:

893 (i) Prescribed for the treatment of a human being
894 by a person authorized to prescribe the medicines, and dispensed
895 or prescription filled by a registered pharmacist in accordance
896 with law; or

897 (ii) Furnished by a licensed physician, surgeon,
898 dentist or podiatrist to his own patient for treatment of the
899 patient; or

900 (iii) Furnished by a hospital for treatment of any
901 person pursuant to the order of a licensed physician, surgeon,
902 dentist or podiatrist; or

903 (iv) Sold to a licensed physician, surgeon,
904 podiatrist, dentist or hospital for the treatment of a human
905 being; or

906 (v) Sold to this state or any political
907 subdivision or municipal corporation thereof, for use in the
908 treatment of a human being or furnished for the treatment of a
909 human being by a medical facility or clinic maintained by this
910 state or any political subdivision or municipal corporation
911 thereof.

912 "Medicines," as used in this paragraph (h), shall mean and
913 include any substance or preparation intended for use by external
914 or internal application to the human body in the diagnosis, cure,
915 mitigation, treatment or prevention of disease and which is
916 commonly recognized as a substance or preparation intended for
917 such use; provided that "medicines" do not include any auditory,
918 prosthetic, ophthalmic or ocular device or appliance, any dentures
919 or parts thereof or any artificial limbs or their replacement
920 parts, articles which are in the nature of splints, bandages,
921 pads, compresses, supports, dressings, instruments, apparatus,
922 contrivances, appliances, devices or other mechanical, electronic,
923 optical or physical equipment or article or the component parts

924 and accessories thereof, or any alcoholic beverage or any other
925 drug or medicine not commonly referred to as a prescription drug.

926 Notwithstanding the preceding sentence of this paragraph (h),
927 "medicines" as used in this paragraph (h), shall mean and include
928 sutures, whether or not permanently implanted, bone screws, bone
929 pins, pacemakers and other articles permanently implanted in the
930 human body to assist the functioning of any natural organ, artery,
931 vein or limb and which remain or dissolve in the body.

932 "Hospital," as used in this paragraph (h), shall have the
933 meaning ascribed to it in Section 41-9-3, Mississippi Code of
934 1972.

935 Insulin furnished by a registered pharmacist to a person for
936 treatment of diabetes as directed by a physician shall be deemed
937 to be dispensed on prescription within the meaning of this
938 paragraph (h).

939 (i) Retail sales of automobiles, trucks and
940 truck-tractors if exported from this state within forty-eight (48)
941 hours and registered and first used in another state.

942 (j) Sales of tangible personal property or services to
943 the Salvation Army and the Muscular Dystrophy Association, Inc.

944 (k) From July 1, 1985, through December 31, 1992,
945 retail sales of "alcohol blended fuel" as such term is defined in
946 Section 75-55-5. The gasoline-alcohol blend or the straight
947 alcohol eligible for this exemption shall not contain alcohol
948 distilled outside the State of Mississippi.

949 (l) Sales of tangible personal property or services to
950 the Institute for Technology Development.

951 (m) The gross proceeds of retail sales of food and
952 drink for human consumption made through vending machines serviced
953 by full line vendors from and not connected with other taxable
954 businesses.

955 (n) The gross proceeds of sales of motor fuel.

956 (o) Retail sales of food for human consumption
957 purchased with food stamps issued by the United States Department
958 of Agriculture, or other federal agency, from and after October 1,
959 1987, or from and after the expiration of any waiver granted
960 pursuant to federal law, the effect of which waiver is to permit
961 the collection by the state of tax on such retail sales of food
962 for human consumption purchased with food stamps.

963 (p) Sales of cookies for human consumption by the Girl
964 Scouts of America no part of the net earnings from which sales
965 inures to the benefit of any private group or individual.

966 (q) Gifts or sales of tangible personal property or
967 services to public or private nonprofit museums of art.

968 (r) Sales of tangible personal property or services to
969 alumni associations of state-supported colleges or universities.

970 (s) Sales of tangible personal property or services to
971 chapters of the National Association of Junior Auxiliaries, Inc.

972 (t) Sales of tangible personal property or services to
973 domestic violence shelters which qualify for state funding under
974 Sections 93-21-101 through 93-21-113.

975 (u) Sales of tangible personal property or services to
976 the National Multiple Sclerosis Society, Mississippi Chapter.

977 (v) Retail sales of food for human consumption
978 purchased with food instruments issued the Mississippi Band of
979 Choctaw Indians under the Women, Infants and Children Program
980 (WIC) funded by the United States Department of Agriculture.

981 (w) Sales of tangible personal property or services to
982 a private company, as defined in Section 57-61-5, which is making
983 such purchases with proceeds of bonds issued under Section 57-61-1
984 et seq., the Mississippi Business Investment Act.

985 (x) The gross collections from the operation of
986 self-service, coin-operated car washing equipment and sales of the
987 service of washing motor vehicles with portable high-pressure
988 washing equipment on the premises of the customer.

989 (y) Sales of tangible personal property or services to
990 the Mississippi Technology Alliance.

991 (z) From and after July 1, 2014, retail sales of food
992 for human consumption not purchased with food stamps issued by the
993 United States Department of Agriculture, or other federal agency,
994 but which would be exempt under paragraph (o) of this section from
995 the taxes imposed by this chapter if the food items were purchased
996 with food stamps.

997 **SECTION 11.** This act shall take effect and be in force from
998 and after July 1, 2006.