

By: Representatives Moore, Formby, Wells-  
Smith

To: Ways and Means

## HOUSE BILL NO. 448

1 AN ACT TO IMPOSE A SEPARATE SALES TAX LEVY ON RETAIL SALES OF  
2 FOOD FOR HUMAN CONSUMPTION NOT PURCHASED WITH FOOD STAMPS BUT  
3 WHICH WOULD BE EXEMPT FROM SALES TAX IF SUCH FOOD WERE PURCHASED  
4 WITH FOOD STAMPS AND TO PHASE OUT THE SALES TAX ON RETAIL SALES OF  
5 SUCH FOOD; TO AMEND SECTIONS 27-65-17 AND 27-65-111, MISSISSIPPI  
6 CODE OF 1972, IN CONFORMITY THERETO; TO AMEND SECTION 27-65-75,  
7 MISSISSIPPI CODE OF 1972, TO INCREASE THE PERCENTAGE OF SALES TAX  
8 REVENUE COLLECTED ON BUSINESS ACTIVITIES WITHIN MUNICIPALITIES  
9 THAT IS ALLOCATED FOR DISTRIBUTION TO AND PAID TO MUNICIPALITIES;  
10 AND FOR RELATED PURPOSES.

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

12 **SECTION 1.** The following provision shall be codified as

13 Section 27-65-26, Mississippi Code of 1972:

14 27-65-26. (1) From and after July 1, 2007, through June 30,  
15 2008, retail sales of food for human consumption not purchased  
16 with food stamps issued by the United States Department of  
17 Agriculture, or other federal agency, but which would be exempt  
18 under paragraph (o) of Section 27-65-111 from the taxes imposed by  
19 this chapter if the food items were purchased with food stamps,  
20 shall be taxed at the rate of four and one-half percent (4-1/2%).

21 (2) From and after July 1, 2008, through June 30, 2009,  
22 retail sales of food for human consumption not purchased with food  
23 stamps issued by the United States Department of Agriculture, or  
24 other federal agency, but which would be exempt under paragraph  
25 (o) of Section 27-65-111 from the taxes imposed by this chapter if  
26 the food items were purchased with food stamps, shall be taxed at  
27 the rate of three and one-half percent (3-1/2%).

28 (3) From and after July 1, 2009, through June 30, 2010,  
29 retail sales of food for human consumption not purchased with food  
30 stamps issued by the United States Department of Agriculture, or  
31 other federal agency, but which would be exempt under paragraph

32 (o) of Section 27-65-111 from the taxes imposed by this chapter if  
33 the food items were purchased with food stamps, shall be taxed at  
34 the rate of Three percent (3%).

35 (4) From and after July 1, 2010, through June 30, 2011,  
36 retail sales of food for human consumption not purchased with food  
37 stamps issued by the United States Department of Agriculture, or  
38 other federal agency, but which would be exempt under paragraph  
39 (o) of Section 27-65-111 from the taxes imposed by this chapter if  
40 the food items were purchased with food stamps, shall be taxed at  
41 the rate of two and one-half percent (2-1/2%).

42 (5) From and after July 1, 2011, through June 30, 2012,  
43 retail sales of food for human consumption not purchased with food  
44 stamps issued by the United States Department of Agriculture, or  
45 other federal agency, but which would be exempt under paragraph  
46 (o) of Section 27-65-111 from the taxes imposed by this chapter if  
47 the food items were purchased with food stamps, shall be taxed at  
48 the rate of two percent (2%).

49 (6) From and after July 1, 2012, through June 30, 2013,  
50 retail sales of food for human consumption not purchased with food  
51 stamps issued by the United States Department of Agriculture, or  
52 other federal agency, but which would be exempt under paragraph  
53 (o) of Section 27-65-111 from the taxes imposed by this chapter if  
54 the food items were purchased with food stamps, shall be taxed at  
55 the rate of one and one-half percent (1-1/2%).

56 (7) From and after July 1, 2013, through June 30, 2014,  
57 retail sales of food for human consumption not purchased with food  
58 stamps issued by the United States Department of Agriculture, or  
59 other federal agency, but which would be exempt under paragraph  
60 (o) of Section 27-65-111 from the taxes imposed by this chapter if  
61 the food items were purchased with food stamps, shall be taxed at  
62 the rate of one percent (1%).

63 (8) From and after July 1, 2014, through June 30, 2015,  
64 retail sales of food for human consumption not purchased with food

65 stamps issued by the United States Department of Agriculture, or  
66 other federal agency, but which would be exempt under paragraph  
67 (o) of Section 27-65-111 from the taxes imposed by this chapter if  
68 the food items were purchased with food stamps, shall be taxed at  
69 the rate of one-half percent (1/2%).

70 (9) This section shall stand repealed from and after July 1,  
71 2015.

72 **SECTION 2.** Section 27-65-17, Mississippi Code of 1972, is  
73 amended as follows:

74 27-65-17. (1) (a) Except as otherwise provided in this  
75 section, upon every person engaging or continuing within this  
76 state in the business of selling any tangible personal property  
77 whatsoever there is hereby levied, assessed and shall be collected  
78 a tax equal to seven percent (7%) of the gross proceeds of the  
79 retail sales of the business.

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

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

91 (i) Self-propelled, or

92 (ii) Mounted so that it is permanently attached to  
93 other equipment which is self-propelled or permanently attached to  
94 other equipment drawn by a vehicle which is self-propelled.

95 (d) Except as otherwise provided in subsection (3) of  
96 this section, retail sales of aircraft, automobiles, trucks,

97 truck-tractors, semitrailers and manufactured or mobile homes  
98 shall be taxed at the rate of three percent (3%).

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

105 (f) Sales of machinery and machine parts when made to a  
106 technology intensive enterprise for plant use only when the  
107 machinery and machine parts will be used exclusively and directly  
108 within this state for industrial purposes, including, but not  
109 limited to, manufacturing or research and development activities,  
110 shall be taxed at the rate of one and one-half percent (1-1/2%).  
111 In order to be considered a technology intensive enterprise for  
112 purposes of this paragraph:

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

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

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

120 (iv) The enterprise shall manufacture plastics,  
121 chemicals, automobiles, aircraft, computers or electronics; or  
122 shall be a research and development facility, a computer design or  
123 related facility, or a software publishing facility or other  
124 technology intensive facility or enterprise as determined by the  
125 Mississippi Development Authority;

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

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

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

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

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

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

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

157                   (l) Sales of the factory built components of modular  
158 homes, panelized homes and precut homes, and panel constructed  
159 homes consisting of structural insulated panels, shall be taxed at  
160 the rate of three percent (3%).

161           (m) From and after July 1, 2007, through June 30, 2015,  
162 retail sales of food for human consumption not purchased with food  
163 stamps issued by the United States Department of Agriculture, or  
164 other federal agency, but which would be exempt under paragraph  
165 (o) of Section 27-65-111 from the taxes imposed by this chapter if  
166 the food items were purchased with food stamps, shall be taxed as  
167 provided for in Section 27-65-26.

168           (2) From and after January 1, 1995, retail sales of private  
169 carriers of passengers and light carriers of property, as defined  
170 in Section 27-51-101, shall be taxed an additional two percent  
171 (2%).

172           (3) In lieu of the tax levied in subsection (1) of this  
173 section, there is levied on retail sales of truck-tractors and  
174 semitrailers used in interstate commerce and registered under the  
175 International Registration Plan (IRP) or any similar reciprocity  
176 agreement or compact relating to the proportional registration of  
177 commercial vehicles entered into as provided for in Section  
178 27-19-143, a tax at the rate of three percent (3%) of the portion  
179 of the sale that is attributable to the usage of such  
180 truck-tractor or semitrailer in Mississippi. The portion of the  
181 retail sale that is attributable to the usage of such  
182 truck-tractor or semitrailer in Mississippi is the retail sales  
183 price of the truck-tractor or semitrailer multiplied by the  
184 percentage of the total miles traveled by the vehicle that are  
185 traveled in Mississippi. The tax levied pursuant to this  
186 subsection (3) shall be collected by the State Tax Commission from  
187 the purchaser of such truck-tractor or semitrailer at the time of  
188 registration of such truck-tractor or semitrailer.

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

192           (5) Any person exercising any privilege taxable under  
193 Section 27-65-15 and selling his natural resource products at

194 wholesale or to exempt persons shall pay the tax levied by said  
195 section in lieu of the tax levied by this section.

196 **SECTION 3.** Section 27-65-111, Mississippi Code of 1972, is  
197 amended as follows:

198 27-65-111. The exemptions from the provisions of this  
199 chapter which are not industrial, agricultural or governmental, or  
200 which do not relate to utilities or taxes, or which are not  
201 properly classified as one of the exemption classifications of  
202 this chapter, shall be confined to persons or property exempted by  
203 this section or by the Constitution of the United States or the  
204 State of Mississippi. No exemptions as now provided by any other  
205 section, except the classified exemption sections of this chapter  
206 set forth herein, shall be valid as against the tax herein levied.  
207 Any subsequent exemption from the tax levied hereunder, except as  
208 indicated above, shall be provided by amendments to this section.

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

211 The tax levied by this chapter shall not apply to the  
212 following:

213 (a) Sales of tangible personal property and services to  
214 hospitals or infirmaries owned and operated by a corporation or  
215 association in which no part of the net earnings inures to the  
216 benefit of any private shareholder, group or individual, and which  
217 are subject to and governed by Sections 41-7-123 through 41-7-127.

218 Only sales of tangible personal property or services which  
219 are ordinary and necessary to the operation of such hospitals and  
220 infirmaries are exempted from tax.

221 (b) Sales of daily or weekly newspapers, and  
222 periodicals or publications of scientific, literary or educational  
223 organizations exempt from federal income taxation under Section  
224 501(c)(3) of the Internal Revenue Code of 1954, as it exists as of  
225 March 31, 1975, and subscription sales of all magazines.

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

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

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

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

240 (g) Sales to elementary and secondary grade schools,  
241 junior and senior colleges owned and operated by a corporation or  
242 association in which no part of the net earnings inures to the  
243 benefit of any private shareholder, group or individual, and which  
244 are exempt from state income taxation, provided that this  
245 exemption does not apply to sales of property or services which  
246 are not to be used in the ordinary operation of the school, or  
247 which are to be resold to the students or the public.

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

250 (i) Prescribed for the treatment of a human being  
251 by a person authorized to prescribe the medicines, and dispensed  
252 or prescription filled by a registered pharmacist in accordance  
253 with law; or

254 (ii) Furnished by a licensed physician, surgeon,  
255 dentist or podiatrist to his own patient for treatment of the  
256 patient; or



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

260 (iv) Sold to a licensed physician, surgeon,  
261 podiatrist, dentist or hospital for the treatment of a human  
262 being; or

263 (v) Sold to this state or any political  
264 subdivision or municipal corporation thereof, for use in the  
265 treatment of a human being or furnished for the treatment of a  
266 human being by a medical facility or clinic maintained by this  
267 state or any political subdivision or municipal corporation  
268 thereof.

269 "Medicines," as used in this paragraph (h), shall mean and  
270 include any substance or preparation intended for use by external  
271 or internal application to the human body in the diagnosis, cure,  
272 mitigation, treatment or prevention of disease and which is  
273 commonly recognized as a substance or preparation intended for  
274 such use; provided that "medicines" do not include any auditory,  
275 prosthetic, ophthalmic or ocular device or appliance, any dentures  
276 or parts thereof or any artificial limbs or their replacement  
277 parts, articles which are in the nature of splints, bandages,  
278 pads, compresses, supports, dressings, instruments, apparatus,  
279 contrivances, appliances, devices or other mechanical, electronic,  
280 optical or physical equipment or article or the component parts  
281 and accessories thereof, or any alcoholic beverage or any other  
282 drug or medicine not commonly referred to as a prescription drug.

283 Notwithstanding the preceding sentence of this paragraph (h),  
284 "medicines" as used in this paragraph (h), shall mean and include  
285 sutures, whether or not permanently implanted, bone screws, bone  
286 pins, pacemakers and other articles permanently implanted in the  
287 human body to assist the functioning of any natural organ, artery,  
288 vein or limb and which remain or dissolve in the body.

289 "Hospital," as used in this paragraph (h), shall have the  
290 meaning ascribed to it in Section 41-9-3, Mississippi Code of  
291 1972.

292 Insulin furnished by a registered pharmacist to a person for  
293 treatment of diabetes as directed by a physician shall be deemed  
294 to be dispensed on prescription within the meaning of this  
295 paragraph (h).

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

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

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

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

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

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

313 (o) Retail sales of food for human consumption  
314 purchased with food stamps issued by the United States Department  
315 of Agriculture, or other federal agency, from and after October 1,  
316 1987, or from and after the expiration of any waiver granted  
317 pursuant to federal law, the effect of which waiver is to permit  
318 the collection by the state of tax on such retail sales of food  
319 for human consumption purchased with food stamps.

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

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

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

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

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

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

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

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

342           (x) The gross collections from the operation of  
343 self-service, coin-operated car washing equipment and sales of the  
344 service of washing motor vehicles with portable high-pressure  
345 washing equipment on the premises of the customer.

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

348           (z) Sales of tangible personal property to nonprofit  
349 organizations that provide foster care, adoption services and  
350 temporary housing for unwed mothers and their children if the  
351 organization is exempt from federal income taxation under Section  
352 501(c)(3) of the Internal Revenue Code.

353 (aa) Sales of tangible personal property to nonprofit  
354 organizations that provide residential rehabilitation for persons  
355 with alcohol and drug dependencies if the organization is exempt  
356 from federal income taxation under Section 501(c)(3) of the  
357 Internal Revenue Code.

358 (bb) From and after July 1, 2015, retail sales of food  
359 for human consumption not purchased with food stamps issued by the  
360 United States Department of Agriculture, or other federal agency,  
361 but which would be exempt under paragraph (o) of this section from  
362 the taxes imposed by this chapter if the food items were purchased  
363 with food stamps.

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

366 27-65-75. On or before the fifteenth day of each month, the  
367 revenue collected under the provisions of this chapter during the  
368 preceding month shall be paid and distributed as follows:

369 (1) (a) On or before August 15, 1992, and each succeeding  
370 month thereafter through July 15, 1993, eighteen percent (18%) of  
371 the total sales tax revenue collected during the preceding month  
372 under the provisions of this chapter, except that collected under  
373 the provisions of Sections 27-65-15, 27-65-19(3) and 27-65-21, on  
374 business activities within a municipal corporation shall be  
375 allocated for distribution to the municipality and paid to the  
376 municipal corporation. On or before August 15, 1993, and each  
377 succeeding month thereafter through July 15, 2007, eighteen and  
378 one-half percent (18-1/2%) of the total sales tax revenue  
379 collected during the preceding month under the provisions of this  
380 chapter, except that collected under the provisions of Sections  
381 27-65-15, 27-65-19(3) and 27-65-21, on business activities within  
382 a municipal corporation shall be allocated for distribution to the  
383 municipality and paid to the municipal corporation. On or before  
384 August 15, 2007, and each succeeding month thereafter, twenty  
385 percent (20%) of the total sales tax revenue collected during the

386 preceding month under the provisions of this chapter, except that  
387 collected under the provisions of Sections 27-65-15, 27-65-19(3)  
388 and 27-65-21, on business activities within a municipal  
389 corporation shall be allocated for distribution to the  
390 municipality and paid to the municipal corporation.

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

394 Monies allocated for distribution and credited to a municipal  
395 corporation under this subsection may be pledged as security for a  
396 loan if the distribution received by the municipal corporation is  
397 otherwise authorized or required by law to be pledged as security  
398 for such a loan.

399 In any county having a county seat that is not an  
400 incorporated municipality, the distribution provided under this  
401 subsection shall be made as though the county seat was an  
402 incorporated municipality; however, the distribution to the  
403 municipality shall be paid to the county treasury in which the  
404 municipality is located, and those funds shall be used for road,  
405 bridge and street construction or maintenance in the county.

406 (b) On or before August 15, 2006, and each succeeding  
407 month thereafter, eighteen and one-half percent (18-1/2%) of the  
408 total sales tax revenue collected during the preceding month under  
409 the provisions of this chapter, except that collected under the  
410 provisions of Sections 27-65-15, 27-65-19(3) and 27-65-21, on  
411 business activities on the campus of a state institution of higher  
412 learning or community or junior college whose campus is not  
413 located within the corporate limits of a municipality, shall be  
414 allocated for distribution to the state institution of higher  
415 learning or community or junior college and paid to the state  
416 institution of higher learning or community or junior college.

417 (2) On or before September 15, 1987, and each succeeding  
418 month thereafter, from the revenue collected under this chapter

419 during the preceding month, One Million One Hundred Twenty-five  
420 Thousand Dollars (\$1,125,000.00) shall be allocated for  
421 distribution to municipal corporations as defined under subsection  
422 (1) of this section in the proportion that the number of gallons  
423 of gasoline and diesel fuel sold by distributors to consumers and  
424 retailers in each such municipality during the preceding fiscal  
425 year bears to the total gallons of gasoline and diesel fuel sold  
426 by distributors to consumers and retailers in municipalities  
427 statewide during the preceding fiscal year. The State Tax  
428 Commission shall require all distributors of gasoline and diesel  
429 fuel to report to the commission monthly the total number of  
430 gallons of gasoline and diesel fuel sold by them to consumers and  
431 retailers in each municipality during the preceding month. The  
432 State Tax Commission shall have the authority to promulgate such  
433 rules and regulations as is necessary to determine the number of  
434 gallons of gasoline and diesel fuel sold by distributors to  
435 consumers and retailers in each municipality. In determining the  
436 percentage allocation of funds under this subsection for the  
437 fiscal year beginning July 1, 1987, and ending June 30, 1988, the  
438 State Tax Commission may consider gallons of gasoline and diesel  
439 fuel sold for a period of less than one (1) fiscal year. For the  
440 purposes of this subsection, the term "fiscal year" means the  
441 fiscal year beginning July 1 of a year.

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

452 necessary to determine the amount of proceeds to be distributed  
453 under this subsection.

454 (4) On or before August 15, 1994, and on or before the  
455 fifteenth day of each succeeding month through July 15, 1999, from  
456 the proceeds of gasoline, diesel fuel or kerosene taxes as  
457 provided in Section 27-5-101(a)(ii)1, Four Million Dollars  
458 (\$4,000,000.00) shall be deposited in the State Treasury to the  
459 credit of a special fund designated as the "State Aid Road Fund,"  
460 created by Section 65-9-17. On or before August 15, 1999, and on  
461 or before the fifteenth day of each succeeding month, from the  
462 total amount of the proceeds of gasoline, diesel fuel or kerosene  
463 taxes apportioned by Section 27-5-101(a)(ii)1, Four Million  
464 Dollars (\$4,000,000.00) or an amount equal to twenty-three and  
465 one-fourth percent (23-1/4%) of those funds, whichever is the  
466 greater amount, shall be deposited in the State Treasury to the  
467 credit of the "State Aid Road Fund," created by Section 65-9-17.  
468 Those funds shall be pledged to pay the principal of and interest  
469 on state aid road bonds heretofore issued under Sections 19-9-51  
470 through 19-9-77, in lieu of and in substitution for the funds  
471 previously allocated to counties under this section. Those funds  
472 may not be pledged for the payment of any state aid road bonds  
473 issued after April 1, 1981; however, this prohibition against the  
474 pledging of any such funds for the payment of bonds shall not  
475 apply to any bonds for which intent to issue those bonds has been  
476 published, for the first time, as provided by law before March 29,  
477 1981. From the amount of taxes paid into the special fund under  
478 this subsection and subsection (9) of this section, there shall be  
479 first deducted and paid the amount necessary to pay the expenses  
480 of the Office of State Aid Road Construction, as authorized by the  
481 Legislature for all other general and special fund agencies. The  
482 remainder of the fund shall be allocated monthly to the several  
483 counties in accordance with the following formula:

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

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

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

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

497 The amount of funds allocated to any county under this  
498 subsection for any fiscal year after fiscal year 1994 shall not be  
499 less than the amount allocated to the county for fiscal year 1994.

500 Any reference in the general laws of this state or the  
501 Mississippi Code of 1972 to Section 27-5-105 shall mean and be  
502 construed to refer and apply to subsection (4) of Section  
503 27-65-75.

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

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

515 (7) On or before August 15, 1992, and each succeeding month  
516 thereafter through July 15, 2000, two and two hundred sixty-six



517 one-thousandths percent (2.266%) of the total sales tax revenue  
518 collected during the preceding month under the provisions of this  
519 chapter, except that collected under the provisions of Section  
520 27-65-17(2) shall be deposited by the commission into the School  
521 Ad Valorem Tax Reduction Fund created under Section 37-61-35. On  
522 or before August 15, 2000, and each succeeding month thereafter,  
523 two and two hundred sixty-six one-thousandths percent (2.266%) of  
524 the total sales tax revenue collected during the preceding month  
525 under the provisions of this chapter, except that collected under  
526 the provisions of Section 27-65-17(2), shall be deposited into the  
527 School Ad Valorem Tax Reduction Fund created under Section  
528 37-61-35 until such time that the total amount deposited into the  
529 fund during a fiscal year equals Forty-two Million Dollars  
530 (\$42,000,000.00). Thereafter, the amounts diverted under this  
531 subsection (7) during the fiscal year in excess of Forty-two  
532 Million Dollars (\$42,000,000.00) shall be deposited into the  
533 Education Enhancement Fund created under Section 37-61-33 for  
534 appropriation by the Legislature as other education needs and  
535 shall not be subject to the percentage appropriation requirements  
536 set forth in Section 37-61-33.

537 (8) On or before August 15, 1992, and each succeeding month  
538 thereafter, nine and seventy-three one-thousandths percent  
539 (9.073%) of the total sales tax revenue collected during the  
540 preceding month under the provisions of this chapter, except that  
541 collected under the provisions of Section 27-65-17(2), shall be  
542 deposited into the Education Enhancement Fund created under  
543 Section 37-61-33.

544 (9) On or before August 15, 1994, and each succeeding month  
545 thereafter, from the revenue collected under this chapter during  
546 the preceding month, Two Hundred Fifty Thousand Dollars  
547 (\$250,000.00) shall be paid into the State Aid Road Fund.

548 (10) On or before August 15, 1994, and each succeeding month  
549 thereafter through August 15, 1995, from the revenue collected

550 under this chapter during the preceding month, Two Million Dollars  
551 (\$2,000,000.00) shall be deposited into the Motor Vehicle Ad  
552 Valorem Tax Reduction Fund established in Section 27-51-105.

553 (11) Notwithstanding any other provision of this section to  
554 the contrary, on or before February 15, 1995, and each succeeding  
555 month thereafter, the sales tax revenue collected during the  
556 preceding month under the provisions of Section 27-65-17(2) and  
557 the corresponding levy in Section 27-65-23 on the rental or lease  
558 of private carriers of passengers and light carriers of property  
559 as defined in Section 27-51-101 shall be deposited, without  
560 diversion, into the Motor Vehicle Ad Valorem Tax Reduction Fund  
561 established in Section 27-51-105.

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

571 (13) On or before July 15, 1994, and on or before the  
572 fifteenth day of each succeeding month thereafter, that portion of  
573 the avails of the tax imposed in Section 27-65-22 that is derived  
574 from activities held on the Mississippi State Fairgrounds Complex,  
575 shall be paid into a special fund that is created in the State  
576 Treasury and shall be expended upon legislative appropriation  
577 solely to defray the costs of repairs and renovation at the Trade  
578 Mart and Coliseum.

579 (14) On or before August 15, 1998, and each succeeding month  
580 thereafter through July 15, 2005, that portion of the avails of  
581 the tax imposed in Section 27-65-23 that is derived from sales by  
582 cotton compresses or cotton warehouses and that would otherwise be

583 paid into the General Fund, shall be deposited in an amount not to  
584 exceed Two Million Dollars (\$2,000,000.00) into the special fund  
585 created under Section 69-37-39.

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

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

600 (17) Notwithstanding any other provision of this section to  
601 the contrary, on or before April 15, 2002, and each succeeding  
602 month thereafter, the sales tax revenue collected during the  
603 preceding month under Section 27-65-23 on sales of parking  
604 services of parking garages and lots at airports shall be  
605 deposited, without diversion, into the special fund created under  
606 Section 27-5-101(d).

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

613 (19) (a) On or before August 15, 2005, and each succeeding  
614 month thereafter, the sales tax revenue collected during the  
615 preceding month under the provisions of this chapter on the gross

616 proceeds of sales of a business enterprise located within a  
617 redevelopment project area under the provisions of Sections  
618 57-91-1 through 57-91-11, and the revenue collected on the gross  
619 proceeds of sales from sales made to a business enterprise located  
620 in a redevelopment project area under the provisions of Sections  
621 57-91-1 through 57-91-11 (provided that such sales made to a  
622 business enterprise are made on the premises of the business  
623 enterprise), shall, except as otherwise provided in this  
624 subsection (19), be deposited, after all diversions, into the  
625 Redevelopment Project Incentive Fund as created in Section  
626 57-91-9.

627           (b) For a municipality participating in the Economic  
628 Redevelopment Act created in Sections 57-91-1 through 57-91-11,  
629 the diversion provided for in subsection (1) of this section  
630 attributable to the gross proceeds of sales of a business  
631 enterprise located within a redevelopment project area under the  
632 provisions of Sections 57-91-1 through 57-91-11, and attributable  
633 to the gross proceeds of sales from sales made to a business  
634 enterprise located in a redevelopment project area under the  
635 provisions of Sections 57-91-1 through 57-91-11 (provided that  
636 such sales made to a business enterprise are made on the premises  
637 of the business enterprise), shall be deposited into the  
638 Redevelopment Project Incentive Fund as created in Section  
639 57-91-9, as follows:

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

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

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

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

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

659 (20) On or before January 15, 2007, and each succeeding  
660 month thereafter, eighty percent (80%) of the sales tax revenue  
661 collected during the preceding month under the provisions of this  
662 chapter from the operation of a tourism project under the  
663 provisions of Sections 4 through 6 of House Bill No. 25, 2006  
664 First Extraordinary Session, shall be deposited, after the  
665 diversions required in subsections (7) and (8) of this section,  
666 into the Tourism Sales Tax Incentive Fund created in Section 5 of  
667 this act.

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

671 (22) It shall be the duty of the municipal officials of any  
672 municipality that expands its limits, or of any community that  
673 incorporates as a municipality, to notify the commissioner of that  
674 action thirty (30) days before the effective date. Failure to so  
675 notify the commissioner shall cause the municipality to forfeit  
676 the revenue that it would have been entitled to receive during  
677 this period of time when the commissioner had no knowledge of the  
678 action. If any funds have been erroneously disbursed to any  
679 municipality or any overpayment of tax is recovered by the  
680 taxpayer, the commissioner may make correction and adjust the

681 error or overpayment with the municipality by withholding the  
682 necessary funds from any later payment to be made to the  
683 municipality.

684         **SECTION 5.** Nothing in this act shall affect or defeat any  
685 claim, assessment, appeal, suit, right or cause of action for  
686 taxes due or accrued under the sales tax laws before the date on  
687 which this act becomes effective, whether such claims,  
688 assessments, appeals, suits or actions have been begun before the  
689 date on which this act becomes effective or are begun thereafter;  
690 and the provisions of the sales tax laws are expressly continued  
691 in full force, effect and operation for the purpose of the  
692 assessment, collection and enrollment of liens for any taxes due  
693 or accrued and the execution of any warrant under such laws before  
694 the date on which this act becomes effective, and for the  
695 imposition of any penalties, forfeitures or claims for failure to  
696 comply with such laws.

697         **SECTION 6.** This act shall take effect and be in force from  
698 and after July 1, 2007.