

By: Senator(s) Simmons, Horhn, Thomas,
Butler, Jordan, Jackson (11th), Walls,
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To: Finance

SENATE BILL NO. 3181

1 AN ACT TO CREATE A TASK FORCE TO STUDY THE TAX SYSTEM OF THIS
2 STATE AND TO MAKE RECOMMENDATIONS THEREON TO THE LEGISLATURE; TO
3 ESTABLISH A JOB TAX CREDIT FOR SMALL BUSINESSES THAT EMPLOY 25 OR
4 FEWER EMPLOYEES; TO BASE THE AMOUNT OF THE CREDIT ON THE HOURLY
5 WAGE PAID TO SUCH EMPLOYEES; TO AMEND SECTIONS 27-103-153 AND
6 27-103-155, MISSISSIPPI CODE OF 1972, TO ESTABLISH A TASK FORCE OF
7 LEGISLATIVE AND EXECUTIVE BRANCH REPRESENTATIVES TO DEVELOP
8 RECOMMENDATIONS NECESSARY TO IMPLEMENT THE "MISSISSIPPI
9 PERFORMANCE BUDGET AND STRATEGIC PLANNING ACT OF 1994," TO DIRECT
10 THE TASK FORCE TO ESTABLISH GUIDELINES FOR THE LEVEL OF TRAINING
11 FOR LEGISLATIVE AND EXECUTIVE BRANCH PERSONNEL TO UTILIZE
12 PERFORMANCE-BASED BUDGETING AS A MANAGEMENT FUNCTION, AND TO
13 REQUIRE APPROPRIATION BILLS TO INCLUDE PERFORMANCE TARGETS AND
14 EVALUATIONS BEGINNING WITH THE 2008 REGULAR SESSION; TO AMEND
15 SECTION 27-7-5, MISSISSIPPI CODE OF 1972, TO INCREASE THE INCOME
16 TAX RATE; TO AMEND SECTION 27-7-901, MISSISSIPPI CODE OF 1972, TO
17 INCREASE THE TAX ON AMOUNTS PAID OR CREDITED BY GAMING
18 ESTABLISHMENTS TO PATRONS; TO AMEND SECTION 27-7-903, MISSISSIPPI
19 CODE OF 1972, TO INCREASE THE AMOUNT OF THE TAX LEVIED ON PATRONS
20 OF GAMING ESTABLISHMENTS ON AMOUNTS THAT ARE PAID OR CREDITED TO
21 SUCH PATRONS BY GAMING ESTABLISHMENTS; TO AMEND SECTIONS 27-13-5
22 AND 27-13-7, MISSISSIPPI CODE OF 1972, TO INCREASE THE FRANCHISE
23 TAX; TO AMEND SECTION 27-65-17, MISSISSIPPI CODE OF 1972, TO
24 INCREASE THE SALES TAX ON PRIVATE CARRIERS OF PASSENGERS AND LIGHT
25 CARRIERS OF PROPERTY; TO AMEND SECTION 27-65-18, MISSISSIPPI CODE
26 OF 1972, TO INCREASE TAX LEVIED ON PERSONS SELLING TANGIBLE
27 PERSONAL PROPERTY OR PERFORMING ANY CONSTRUCTION ACTIVITY UPON
28 CERTAIN FLOATING STRUCTURES; TO AMEND SECTION 27-65-19,
29 MISSISSIPPI CODE OF 1972, TO INCREASE THE SALES TAX ON ENERGY SOLD
30 TO MANUFACTURERS, CUSTOM PROCESSORS AND CERTAIN TECHNOLOGY
31 INTENSIVE ENTERPRISES; TO AMEND SECTION 27-65-21, MISSISSIPPI CODE
32 OF 1972, TO INCREASE THE CONTRACTOR'S TAX; TO CREATE NEW SECTION
33 27-65-26, MISSISSIPPI CODE OF 1972, TO IMPOSE A SALES TAX AT THE
34 RATE OF 1% ON RETAIL SALES OF CERTAIN FOODS WITHIN A MUNICIPAL
35 CORPORATION; TO AMEND SECTION 27-65-75, MISSISSIPPI CODE OF 1972,
36 TO PROVIDE THAT THE REVENUE COLLECTED FROM THE SALES TAX ON RETAIL
37 SALES WITHIN A MUNICIPAL CORPORATION OF CERTAIN FOOD FOR HUMAN
38 CONSUMPTION SHALL BE ALLOCATED AND PAID TO THE MUNICIPALITY; TO
39 AMEND SECTION 27-65-111, MISSISSIPPI CODE OF 1972, TO REMOVE THE
40 SALES TAX EXEMPTION ON RETAIL SALES OF MOTOR FUELS AND TO EXEMPT
41 FROM SALES TAXATION RETAIL SALES OUTSIDE A MUNICIPAL CORPORATION
42 OF CERTAIN FOODS; TO AMEND SECTION 27-69-13, MISSISSIPPI CODE OF
43 1972, TO INCREASE THE EXCISE TAX ON CIGARETTES; AND FOR RELATED
44 PURPOSES.

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

46 **SECTION 1.** (1) There is created a task force to study the
47 tax system of Mississippi. The task force shall make a report of
48 its findings and recommendations to the Legislature during the

49 2008 Regular Legislative Session, including any recommended
50 legislation.

51 (2) The task force shall be composed of the following
52 twenty-five (25) members:

53 (a) Ten (10) members appointed by the Speaker of the
54 Mississippi House of Representatives as follows:

55 (i) The Speaker Pro Tempore of the House;

56 (ii) The Chairman of the House Ways and Means
57 Committee;

58 (iii) The Chairman of the House Appropriations
59 Committee;

60 (iv) Two (2) certified public accountants from a
61 list of twenty (20) certified public accountants submitted by the
62 State Board of Public Accountancy;

63 (v) A representative of the Mississippi
64 Supervisors Association;

65 (vi) A representative of the Mississippi Municipal
66 League;

67 (vii) A representative of one (1) of the state
68 institutions of higher learning; and

69 (viii) Two (2) representatives of the general
70 public;

71 (b) Ten (10) members appointed by the Lieutenant
72 Governor of the State of Mississippi as follows:

73 (i) The President Pro Tempore of the Senate;

74 (ii) The Chairman of the Senate Finance Committee;

75 (iii) The Chairman of the Senate Appropriations
76 Committee;

77 (iv) Two (2) certified public accountants from a
78 list of twenty (20) certified public accountants submitted by the
79 State Board of Public Accountancy;

80 (v) A representative of the Mississippi
81 Manufacturers Association;

82 (vi) A representative of the Taxation Section of
83 The Mississippi Bar;

84 (vii) A representative of one (1) of the state
85 institutions of higher learning; and

86 (viii) Two (2) representatives of the general
87 public; and

88 (c) Five (5) members appointed by the Governor of the
89 State of Mississippi as follows:

90 (i) The Chairman of the Mississippi State Tax
91 Commission;

92 (ii) The Executive Director of the Mississippi
93 Development Authority;

94 (iii) A representative of one (1) of the state
95 institutions of higher learning; and

96 (iv) Two (2) representatives of the general
97 public.

98 (3) Appointments shall be made within thirty (30) days after
99 the effective date of this act. A majority of the members of the
100 task force shall constitute a quorum. In the selection of its
101 officers and the adoption of rules, resolutions and reports, an
102 affirmative vote of a majority of the task force shall be
103 required.

104 (4) The task force shall study and make recommendations
105 regarding the imposition of state taxes and the granting of tax
106 exemptions in all areas of taxation including, but not limited to,
107 sales taxes, income taxes, privilege taxes, fuel taxes, diversions
108 of taxes and the relationship between state and local taxes.

109 (5) Members of the task force who are not legislators, state
110 officials or state employees shall be compensated at the per diem
111 rate authorized by Section 25-3-69 and shall be reimbursed in
112 accordance with Section 25-3-41 for mileage and actual expenses
113 incurred in the performance of their duties. Legislative members
114 of the task force shall be paid from the contingent expense funds

115 of their respective houses in the same manner as provided for
116 committee meetings when the Legislature is not in session.
117 However, no per diem or expense for attending meetings of the task
118 force will be paid to legislative members of the task force while
119 the Legislature is in session. No task force member may incur per
120 diem, travel or other expenses unless previously authorized by
121 vote, at a meeting of the task force, which action shall be
122 recorded in the official minutes of the meeting. Nonlegislative
123 members shall be paid from any funds made available to the task
124 force for that purpose.

125 (6) The task force shall use clerical and legal staff
126 already employed by the Legislature and any other staff assistance
127 made available to it. To effectuate the purposes of this section,
128 any department, division, board, bureau, commission or agency of
129 the state or of any political subdivision thereof shall, at the
130 request of the chairman of the task force, provide to the task
131 force such facilities, assistance and data as will enable the task
132 force to properly carry out its tasks.

133 **SECTION 2.** (1) Small businesses with twenty-five (25) or
134 fewer employees are allowed a job tax credit for taxes imposed by
135 this chapter as follows for each employee hired on or after
136 January 1, 2008, and who are employed for a full year:

137 (a) For employees who are paid at least Six Dollars
138 (\$6.00) per hour but less than Seven Dollars (\$7.00) per hour, One
139 Thousand Dollars (\$1,000.00) annually.

140 (b) For employees who are paid at least Seven Dollars
141 (\$7.00) per hour but less than Eight Dollars (\$8.00) per hour, One
142 Thousand Five Hundred Dollars (\$1,500.00) annually.

143 (c) For employees who are paid at Eight Dollars (\$8.00)
144 or more per hour, Two Thousand Dollars (\$2,000.00) annually.

145 (2) Any tax credit claimed under this section but not used
146 in any taxable year may be carried forward for five (5)
147 consecutive years from the close of the tax year in which the

148 credits were earned. The credit that may be utilized each year
149 shall be limited to an amount not greater than the taxpayer's
150 state income tax liability which is attributable to income derived
151 from operation in the state for that year.

152 **SECTION 3.** Section 27-103-153, Mississippi Code of 1972, is
153 amended as follows:

154 27-103-153. (1) There is hereby established a task force of
155 legislative and executive branch representatives to develop and
156 make necessary recommendations relating to the implementation of
157 the Mississippi Performance Budget and Strategic Planning Act of
158 1994. The task force shall consist of the following: the
159 Chairman of the Senate Appropriations Committee; the Chairman of
160 the House Appropriations Committee; the Chairman of the Senate
161 Finance Committee; the Chairman of the House Ways and Means
162 Committee; the Executive Director of the Legislative Budget
163 Office; the Executive Director of the Joint Legislative Committee
164 on Performance Evaluation and Expenditure Review; the Executive
165 Director of the Department of Finance and Administration; the
166 Executive Director of the State Personnel Board; the budget and
167 finance directors of the following state agencies designated by
168 the executive director of each agency: the Mississippi Department
169 of Transportation, the Division of Medicaid, the State Department
170 of Education, the Department of Human Services, the Department of
171 Corrections, the Board of Trustees of State Institutions of Higher
172 Learning, the State Department of Rehabilitation Services, the
173 Department of Wildlife, Fisheries and Parks, the Department of
174 Employment Security, the Mississippi Tax Commission, the
175 Department of Environmental Quality, the State Department of
176 Health, the State Department of Mental Health and the Office of
177 Governor. The task force shall meet upon the call of the Director
178 of the Legislative Budget Office not later than July 1, 2007, and
179 shall organize by selecting a chairman. The task force shall have
180 subsequent meetings upon the call of the chairman. Necessary

181 clerical and administrative support shall be provided by the
182 Legislative Budget Office. The task force shall have the
183 responsibility to develop a report to the 2008 Regular Session of
184 the Legislature and the Governor with any necessary recommended
185 legislation to implement performance-based budgeting as required
186 under Sections 27-103-151 through 27-103-155, and shall
187 specifically address the following: (a) outline directives for
188 increasing the level of training of personnel to conduct
189 performance-based budgeting; (b) establish education guidelines
190 for committees of the Legislature and agencies to utilize
191 performance-based data; (c) clarify the purpose of
192 performance-based budgeting; (d) specify the sanctions to be
193 applied to agencies who do not meet performance goals; (e) review
194 and make recommendations on current methods of outcome
195 measurement, evaluation and establishment of performance measures;
196 and (f) clarify the use of performance-based budgeting by state
197 agencies as a management function. The task force may hold
198 hearings and seek expert testimony from other states which have
199 implemented performance-based budgeting. The task force shall
200 develop and make its report to the Governor and the 2008 Regular
201 Session of the Legislature no later than January 1, 2008, and upon
202 making its report, the task force shall be dissolved.

203 (2) Beginning with the 2008 Regular Session, the
204 appropriation bills enacted to provide funding for each state
205 agency or institution shall include performance targets for each
206 performance measure established for each program within each such
207 agency. Said performance targets shall be established annually by
208 the Legislature and shall be based upon the funding level
209 authorized for each agency within its appropriation bill. The
210 Department of Finance and Administration shall provide accounting
211 system services to each agency to allow both program expenditures
212 and performance measurement data to be maintained and reported in

213 such form and in such detail as may be required by the Joint
214 Legislative Budget Committee.

215 **SECTION 4.** Section 27-103-155, Mississippi Code of 1972, is
216 amended as follows:

217 27-103-155. Beginning with the 2008 Regular Session, the
218 Legislature shall make available funds for the employment of such
219 persons as may be required to conduct an evaluation of the actual
220 performance accomplishments of each agency and its programs in
221 comparison to the targeted performance levels established within
222 the appropriation bill for each agency and its programs. The
223 results of such evaluations shall be prepared in such form and in
224 such detail as may be required by the Joint Legislative Budget
225 Committee. Beginning with the 2008 Regular Session, the
226 Legislative Budget Office and the Department of Finance and
227 Administration shall review the five-year strategic plans
228 submitted by each agency as an addendum to its budget request and
229 shall make copies of said plans available to the Legislature for
230 review and consideration.

231 **SECTION 5.** Section 27-7-5, Mississippi Code of 1972, is
232 amended as follows:

233 27-7-5. (1) There is hereby assessed and levied, to be
234 collected and paid as hereinafter provided, for the calendar year
235 1983 and fiscal years ending during the calendar year 1983 and all
236 taxable years thereafter, upon the entire net income of every
237 resident individual, corporation, association, trust or estate, in
238 excess of the credits provided, a tax at the following rates:

239 On the first * * * Ten Thousand Dollars (\$10,000.00) of
240 taxable income, or any part thereof, at the rate of four percent
241 (4%); * * *

242 On the next Five Thousand Dollars (\$5,000.00) of taxable
243 income * * *, at the rate of five percent (5%); and

244 On all taxable income in excess of Fifteen Thousand Dollars
245 (\$15,000.00), at the rate of six percent (6%).

246 (2) An S corporation, as defined in Section 27-8-3(1)(g),
247 shall not be subject to the income tax imposed under this section.

248 (3) A like tax is hereby imposed to be assessed, collected
249 and paid annually, except as hereinafter provided, at the rate
250 specified in this section and as hereinafter provided, upon and
251 with respect to the entire net income, from all property owned or
252 sold, and from every business, trade or occupation carried on in
253 this state by individuals, corporations, partnerships, trusts or
254 estates, not residents of the State of Mississippi.

255 (4) In the case of taxpayers having a fiscal year beginning
256 in the calendar year 1982 and ending after the first day of
257 January 1983, the tax due for that taxable year shall be
258 determined by:

259 (a) Computing for the full fiscal year the amount of
260 tax that would be due under the rates in effect for the calendar
261 year 1982; and

262 (b) Computing for the full fiscal year the amount of
263 tax that would be due under the rates in effect for the calendar
264 year 1983; and

265 (c) Applying to the tax computed under paragraph (a)
266 the ratio which the number of months falling within the earlier
267 calendar year bears to the total number of months in the fiscal
268 year; and

269 (d) Applying to the tax computed under paragraph (b)
270 the ratio which the number of months falling within the later
271 calendar year bears to the total number of months within the
272 fiscal year; and

273 (e) Adding to the tax determined under paragraph (c)
274 the tax determined under paragraph (d) the sum of which shall be
275 the amount of tax due for the fiscal year.

276 **SECTION 6.** Section 27-7-901, Mississippi Code of 1972, is
277 amended as follows:

278 27-7-901. (1) There is hereby levied, assessed and shall be
279 collected a tax of five percent (5%) upon amounts that are paid or
280 credited by gaming establishments licensed under the provisions of
281 the Mississippi Gaming Control Act to their patrons. The tax
282 shall be collected by licensed gaming establishments and remitted
283 to the State Tax Commission in the manner provided for by
284 regulations promulgated by the Chairman of the State Tax
285 Commission.

286 (2) As used in this section, "amounts that are paid or
287 credited" means amounts or credits that are subject to the
288 withholding or reporting requirements of the Internal Revenue
289 Code.

290 (3) No credit shall be allowed under the Income Tax Law of
291 1952 for the tax collected by licensed gaming establishments
292 pursuant to this section.

293 **SECTION 7.** Section 27-7-903, Mississippi Code of 1972, is
294 amended as follows:

295 27-7-903. (1) There is hereby levied and assessed upon
296 patrons of gaming establishments located in this state that are
297 not licensed under the provisions of the Mississippi Gaming
298 Control Act, a tax of five percent (5%) of the amounts that are
299 paid or credited to such patrons by the gaming establishment,
300 which tax is the same in kind and rate as has heretofore been
301 imposed pursuant to Section 27-7-901 upon the patrons of gaming
302 establishments which are licensed under the Mississippi Gaming
303 Control Act. The legal incidence and duty to pay such taxes shall
304 fall upon the patron. The assessment of such tax is subject to
305 any exemptions as may exist under federal or state law. The State
306 Tax Commission may enter into tax collection agreements regarding
307 this tax.

308 (2) As used in this section, "amounts that are paid or
309 credited" means amounts or credits that are subject to the

310 withholding or reporting requirements of the Internal Revenue
311 Code.

312 (3) No credit shall be allowed under the Income Tax Law of
313 1952 for the tax collected by gaming establishments pursuant to
314 this section.

315 **SECTION 8.** Section 27-13-5, Mississippi Code of 1972, is
316 amended as follows:

317 27-13-5. (1) **Franchise tax levy.** Except as otherwise
318 provided in subsections (3), (4) and (5) of this section, there is
319 hereby imposed, to be paid and collected as hereinafter provided,
320 a franchise or excise tax upon every corporation, association or
321 joint-stock company or partnership treated as a corporation under
322 the income tax laws or regulations, organized or created for
323 pecuniary gain, having privileges not possessed by individuals,
324 and having authorized capital stock now existing in this state, or
325 hereafter organized, created or established, under and by virtue
326 of the laws of the State of Mississippi, equal to Five Dollars
327 (\$5.00) for each One Thousand Dollars (\$1,000.00), or fraction
328 thereof, of the value of the capital used, invested or employed in
329 the exercise of any power, privilege or right enjoyed by such
330 organization within this state, except as hereinafter provided.
331 In no case shall the franchise tax due for the accounting period
332 be less than Twenty-five Dollars (\$25.00). It is the purpose of
333 this section to require the payment to the State of Mississippi of
334 this tax for the right granted by the laws of this state to exist
335 as such organization, and to enjoy, under the protection of the
336 laws of this state, the powers, rights, privileges and immunities
337 derived from the state by the form of such existence.

338 (2) **Annual report of domestic corporations.** Each domestic
339 corporation shall file, within the time prescribed by Section
340 79-3-251, an annual report as required by the provisions of
341 Section 79-3-249.

342 (3) A corporation that has negotiated a fee-in-lieu as
343 defined in Section 57-75-5 shall not be subject to the tax levied
344 by this section on such project; * * * however, * * * the
345 fee-in-lieu payment shall be otherwise treated in the same manner
346 as the payment of franchise taxes.

347 (4) An approved business enterprise as defined in the Growth
348 and Prosperity Act shall not be subject to the tax levied by this
349 section on the value of capital used, invested or employed by the
350 approved business enterprise in a growth and prosperity county or
351 supervisors district as provided in the Growth and Prosperity Act.

352 (5) A business enterprise operating a project as defined in
353 Section 57-64-33, in a county that is a member of a regional
354 economic development alliance created under the Regional Economic
355 Development Act shall not be subject to the tax levied by this
356 section on the value of capital used, invested or employed by the
357 business enterprise in such a county as provided in Section
358 57-64-33.

359 (6) The tax levied by this chapter and paid by a business
360 enterprise located in a redevelopment project area under Sections
361 57-91-1 through 57-91-11 shall be deposited into the Redevelopment
362 Project Incentive Fund created in Section 57-91-9.

363 **SECTION 9.** Section 27-13-7, Mississippi Code of 1972, is
364 amended as follows:

365 27-13-7. (1) **Franchise tax levy.** Except as otherwise
366 provided in subsections (3), (4) and (5) of this section, there is
367 hereby imposed, levied and assessed upon every corporation,
368 association or joint-stock company, or partnership treated as a
369 corporation under the Income Tax Laws or regulations as
370 hereinbefore defined, organized and existing under and by virtue
371 of the laws of some other state, territory or country, or
372 organized and existing without any specific statutory authority,
373 now or hereafter doing business or exercising any power, privilege
374 or right within this state, as hereinbefore defined, a franchise

375 or excise tax equal to Five Dollars (\$5.00) of each One Thousand
376 Dollars (\$1,000.00), or fraction thereof, of the value of capital
377 used, invested or employed within this state, except as
378 hereinafter provided. In no case shall the franchise tax due for
379 the accounting period be less than Twenty-five Dollars (\$25.00).
380 It is the purpose of this section to require the payment of a tax
381 by all organizations not organized under the laws of this state,
382 measured by the amount of capital or its equivalent, for which
383 such organization receives the benefit and protection of the
384 government and laws of the state.

385 (2) **Annual report of foreign corporations.** Each foreign
386 corporation authorized to transact business in this state shall
387 file, within the time prescribed by Section 79-3-251, an annual
388 report as required by the provisions of Section 79-3-249.

389 (3) A corporation that has negotiated a fee-in-lieu as
390 defined in Section 57-75-5 shall not be subject to the tax levied
391 by this section on such project; * * *, however, * * * the
392 fee-in-lieu payment shall be otherwise treated in the same manner
393 as the payment of franchise taxes.

394 (4) An approved business enterprise as defined in the Growth
395 and Prosperity Act shall not be subject to the tax levied by this
396 section on the value of capital used, invested or employed by the
397 approved business enterprise in a growth and prosperity county or
398 supervisors district as provided in the Growth and Prosperity Act.

399 (5) A business enterprise operating a project as defined in
400 Section 57-64-33, in a county that is a member of a regional
401 economic development alliance created under the Regional Economic
402 Development Act shall not be subject to the tax levied by this
403 section on the value of capital used, invested or employed by the
404 business enterprise in such a county as provided in Section
405 57-64-33.

406 (6) The tax levied by this chapter and paid by a business
407 enterprise located in a redevelopment project area under Sections

408 57-91-1 through 57-91-11 shall be deposited into the Redevelopment
409 Project Incentive Fund created in Section 57-91-9.

410 **SECTION 10.** Section 27-65-17, Mississippi Code of 1972, is
411 amended as follows:

412 27-65-17. (1) (a) Except as otherwise provided in this
413 section, upon every person engaging or continuing within this
414 state in the business of selling any tangible personal property
415 whatsoever there is hereby levied, assessed and shall be collected
416 a tax equal to seven percent (7%) of the gross proceeds of the
417 retail sales of the business.

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

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

429 (i) Self-propelled, or

430 (ii) Mounted so that it is permanently attached to
431 other equipment which is self-propelled or permanently attached to
432 other equipment drawn by a vehicle which is self-propelled.

433 (d) Except as otherwise provided in subsection (3) of
434 this section, retail sales of aircraft, automobiles, trucks,
435 truck-tractors, semitrailers and manufactured or mobile homes
436 shall be taxed at the rate of three percent (3%).

437 (e) Sales of manufacturing machinery or manufacturing
438 machine parts when made to a manufacturer or custom processor for
439 plant use only when the machinery and machine parts will be used
440 exclusively and directly within this state in manufacturing a

441 commodity for sale, rental or in processing for a fee shall be
442 taxed at the rate of one and one-half percent (1-1/2%).

443 (f) Sales of machinery and machine parts when made to a
444 technology intensive enterprise for plant use only when the
445 machinery and machine parts will be used exclusively and directly
446 within this state for industrial purposes, including, but not
447 limited to, manufacturing or research and development activities,
448 shall be taxed at the rate of one and one-half percent (1-1/2%).
449 In order to be considered a technology intensive enterprise for
450 purposes of this paragraph:

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

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

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

458 (iv) The enterprise shall manufacture plastics,
459 chemicals, automobiles, aircraft, computers or electronics; or
460 shall be a research and development facility, a computer design or
461 related facility, or a software publishing facility or other
462 technology intensive facility or enterprise as determined by the
463 Mississippi Development Authority;

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

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

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

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

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

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

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

495 (l) Sales of the factory-built components of modular
496 homes, panelized homes and precut homes, and panel constructed
497 homes consisting of structural insulated panels, shall be taxed at
498 the rate of three percent (3%).

499 (m) From and after July 1, 2007, retail sales of food
500 for human consumption not purchased with food stamps issued by the
501 United States Department of Agriculture, or other federal agency,
502 but which would be exempt under paragraph (m) of Section 27-65-111
503 from the taxes imposed by this chapter, shall be taxed as provided
504 for in Section 27-65-26.

505 (2) From and after January 1, 1995, retail sales of private
506 carriers of passengers and light carriers of property, as defined
507 in Section 27-51-101, shall be taxed an additional two percent
508 (2%).

509 (3) In lieu of the tax levied in subsection (1) of this
510 section, there is levied on retail sales of truck-tractors and
511 semitrailers used in interstate commerce and registered under the
512 International Registration Plan (IRP) or any similar reciprocity
513 agreement or compact relating to the proportional registration of
514 commercial vehicles entered into as provided for in Section
515 27-19-143, a tax at the rate of three percent (3%) of the portion
516 of the sale that is attributable to the usage of such
517 truck-tractor or semitrailer in Mississippi. The portion of the
518 retail sale that is attributable to the usage of such
519 truck-tractor or semitrailer in Mississippi is the retail sales
520 price of the truck-tractor or semitrailer multiplied by the
521 percentage of the total miles traveled by the vehicle that are
522 traveled in Mississippi. The tax levied pursuant to this
523 subsection (3) shall be collected by the State Tax Commission from
524 the purchaser of such truck-tractor or semitrailer at the time of
525 registration of such truck-tractor or semitrailer.

526 (4) From and after July 1, 2007, retail sales of private
527 carriers of passengers and light carriers of property, as defined
528 in Section 27-51-101, shall be taxed an additional one percent
529 (1%).

530 (5) A manufacturer selling at retail in this state shall be
531 required to make returns of the gross proceeds of such sales and
532 pay the tax imposed in this section.

533 (6) Any person exercising any privilege taxable under
534 Section 27-65-15 and selling his natural resource products at
535 wholesale or to exempt persons shall pay the tax levied by said
536 section in lieu of the tax levied by this section.

537 **SECTION 11.** Section 27-65-18, Mississippi Code of 1972, is
538 amended as follows:

539 27-65-18. (1) There is levied, assessed and shall be
540 collected a tax of four and one-half percent (4-1/2%) upon the
541 gross proceeds of sales or gross receipts of sales of every person
542 engaging or continuing within this state in the business of
543 selling any tangible personal property or performing any
544 construction activity upon any floating structure that is normally
545 moored and not normally engaged in the business of transporting
546 people or property, and that is located in the waters within the
547 State of Mississippi. Such structures include, but are not
548 limited to, casinos, floating restaurants, floating hotels and
549 similar property, regardless of whether the property is
550 self-propelled. The tax imposed under this subsection (1) shall
551 not apply to tangible personal property that is not a component
552 part of the structure.

553 (2) If the owner of a structure described in subsection (1)
554 of this section holds a direct pay permit issued by the State Tax
555 Commission under Section 27-65-93, the owner shall furnish the
556 permit to the seller or person performing the construction
557 activity unless the holder of the direct pay permit is given
558 written instructions or written authority to do otherwise by the
559 commissioner. After being furnished the direct pay permit, the
560 seller or person performing the construction activity shall be
561 relieved of the duty to collect the tax imposed under subsection
562 (1) of this section. The commissioner may assign a distinctive
563 number to a structure and issue the distinctive number to the
564 owner. The owner of the structure may furnish the distinctive
565 number to persons performing construction activity in order to
566 allow such persons to purchase component materials and parts for
567 use in the construction activity without the requirement of paying
568 sales tax on the purchases.

569 **SECTION 12.** Section 27-65-19, Mississippi Code of 1972, is
570 amended as follows:

571 27-65-19. (1) (a) Except as otherwise provided in this
572 subsection, upon every person selling to consumers, electricity,
573 current, power, potable water, steam, coal, natural gas, liquefied
574 petroleum gas or other fuel, there is hereby levied, assessed and
575 shall be collected a tax equal to seven percent (7%) of the gross
576 income of the business. Provided, gross income from sales to
577 consumers of electricity, current, power, natural gas, liquefied
578 petroleum gas or other fuel for residential heating, lighting or
579 other residential noncommercial or nonagricultural use, and sales
580 of potable water for residential, noncommercial or nonagricultural
581 use shall be excluded from taxable gross income of the business.
582 Provided further, upon every such seller using electricity,
583 current, power, potable water, steam, coal, natural gas, liquefied
584 petroleum gas or other fuel for nonindustrial purposes, there is
585 hereby levied, assessed and shall be collected a tax equal to
586 seven percent (7%) of the cost or value of the product or service
587 used.

588 * * *

589 (b) There is hereby levied, assessed and shall be
590 collected a tax equal to one and one-half percent (1-1/2%) of the
591 gross income of the business when the electricity, current, power,
592 steam, coal, natural gas, liquefied petroleum gas or other fuel is
593 sold to a producer or processor for use directly in the production
594 of poultry or poultry products, the production of livestock and
595 livestock products, the production of domesticated fish and
596 domesticated fish products, the production of marine aquaculture
597 products, the production of plants or food by commercial
598 horticulturists, the processing of milk and milk products, the
599 processing of poultry and livestock feed, and the irrigation of
600 farm crops.

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

605 (d) Upon every person operating a telegraph or
606 telephone business for the transmission of messages or
607 conversations between points within this state, there is hereby
608 levied, assessed and shall be collected a tax equal to seven
609 percent (7%) of the gross income of such business, with no
610 deduction or allowance for any part of an intrastate rate charge
611 because of routing across a state line. Charges by one
612 telecommunications provider to another telecommunications provider
613 holding a permit issued under Section 27-65-27 for services that
614 are resold by such other telecommunications provider, including,
615 but not limited to, access charges, shall not be subject to the
616 tax levied pursuant to this paragraph (d). However, any sale of a
617 prepaid telephone calling card or prepaid authorization number, or
618 both, shall be deemed to be the sale of tangible personal property
619 subject only to such taxes imposed by law on the sale of tangible
620 personal property. If the sale of a prepaid telephone calling
621 card or prepaid authorization number does not take place at the
622 vendor's place of business, it shall be conclusively determined to
623 take place at the customer's shipping address. The
624 reauthorization of a prepaid telephone calling card or a prepaid
625 authorization number shall be conclusively determined to take
626 place at the customer's billing address. Except for the
627 provisions governing the sale of a prepaid telephone calling card
628 or prepaid authorization number, this paragraph (d) shall not
629 apply to persons providing mobile telecommunications services that
630 are taxed pursuant to paragraph (f) of this section.

631 (e) Upon every person operating a telegraph or
632 telecommunications business for the transmission of messages or
633 conversations originating in this state or terminating in this

634 state via interstate telecommunications, which are charged to the
635 customer's service address in this state, regardless of where such
636 amount is billed or paid, there is hereby levied, assessed and
637 shall be collected a tax equal to seven percent (7%) of the gross
638 income received by such business from such interstate
639 telecommunications. However, a person, upon proof that he has
640 paid a tax in another state on such event, shall be allowed a
641 credit against the tax imposed in this paragraph (e) on interstate
642 telecommunications charges to the extent that the amount of such
643 tax is properly due and actually paid in such other state and to
644 the extent that the rate of sales tax imposed by and paid to such
645 other state does not exceed the rate of sales tax imposed by this
646 paragraph (e). Charges by one telecommunications provider to
647 another telecommunications provider holding a permit issued under
648 Section 27-65-27 for services that are resold by such other
649 telecommunications provider, including, but not limited to, access
650 charges, shall not be subject to the tax levied pursuant to this
651 paragraph (e). This paragraph (e) shall not apply to persons
652 providing mobile telecommunications services that are taxed
653 pursuant to paragraph (f) of this subsection.

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

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

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

665 Charges by one telecommunications provider to another
666 telecommunications provider holding a permit issued under Section

667 27-65-27 for services that are resold by such other
668 telecommunications provider, including, but not limited to, access
669 charges, shall not be subject to the tax levied pursuant to this
670 paragraph (f).

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

677 (iii) A home service provider shall be responsible
678 for obtaining and maintaining the customer's place of primary use.
679 The home service provider shall be entitled to rely on the
680 applicable residential or business street address supplied by such
681 customer, if the home service provider's reliance is in good
682 faith; and the home service provider shall be held harmless from
683 liability for any additional taxes based on a different
684 determination of the place of primary use for taxes that are
685 customarily passed on to the customer as a separate itemized
686 charge. A home service provider shall be allowed to treat the
687 address used for purposes of the tax levied by this chapter for
688 any customer under a service contract in effect on August 1, 2002,
689 as that customer's place of primary use for the remaining term of
690 such service contract or agreement, excluding any extension or
691 renewal of such service contract or agreement. Month-to-month
692 services provided after the expiration of a contract shall be
693 treated as an extension or renewal of such contract or agreement.

694 If the commissioner determines that the address used by a
695 home service provider as a customer's place of primary use does
696 not meet the definition of the term "place of primary use" as
697 defined in this paragraph, the commissioner shall give binding
698 notice to the home service provider to change the place of primary
699 use on a prospective basis from the date of notice of

700 determination; however, the customer shall have the opportunity,
701 prior to such notice of determination, to demonstrate that such
702 address satisfies such definition.

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

708 (iv) For purposes of this paragraph (f):

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

714 2. "Customer" means the person or entity that
715 contracts with the home service provider for mobile
716 telecommunications services. For determining the place of primary
717 use, in those instances in which the end user of mobile
718 telecommunications services is not the contracting party, the end
719 user of the mobile telecommunications services shall be deemed the
720 customer. The term "customer" shall not include a reseller of
721 mobile telecommunications service, or a serving carrier under an
722 arrangement to serve the customer outside the home service
723 provider's licensed service area.

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

727 (g) (i) For purposes of this paragraph (g), "bundled
728 transaction" means a transaction that consists of distinct and
729 identifiable properties or services which are sold for a single
730 nonitemized price but which are treated differently for tax
731 purposes.

732 (ii) In the case of a bundled transaction that
733 includes telecommunications services taxed under this section in
734 which the price of the bundled transaction is attributable to
735 properties or services that are taxable and nontaxable, the
736 portion of the price that is attributable to any nontaxable
737 property or service shall be subject to the tax unless the
738 provider can reasonably identify that portion from its books and
739 records kept in the regular course of business.

740 (iii) In the case of a bundled transaction that
741 includes telecommunications services subject to tax under this
742 section in which the price is attributable to properties or
743 services that are subject to the tax but the tax revenue from the
744 different properties or services are dedicated to different funds
745 or purposes, the provider shall allocate the price among the
746 properties or services:

747 1. By reasonably identifying the portion of
748 the price attributable to each of the properties and services from
749 its books and records kept in the regular course of business; or

750 2. Based on a reasonable allocation
751 methodology approved by the commission.

752 (iv) This paragraph (g) shall not create a right
753 of action for a customer to require that the provider or the
754 commission, for purposes of determining the amount of tax
755 applicable to a bundled transaction, allocate the price to the
756 different portions of the transaction in order to minimize the
757 amount of tax charged to the customer. A customer shall not be
758 entitled to rely on the fact that a portion of the price is
759 attributable to properties or services not subject to tax unless
760 the provider elects, after receiving a written request from the
761 customer in the form required by the provider, to provide
762 verifiable data based upon the provider's books and records that
763 are kept in the regular course of business that reasonably

764 identifies the portion of the price attributable to the properties
765 or services not subject to the tax.

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

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

779 **SECTION 13.** Section 27-65-21, Mississippi Code of 1972, is
780 amended as follows:

781 27-65-21. (1) (a) (i) Upon every person engaging or
782 continuing in this state in the business of contracting or
783 performing a contract or engaging in any of the activities, or
784 similar activities, listed below for a price, commission, fee or
785 wage, there is hereby levied, assessed and shall be collected a
786 tax equal to four and one-half percent (4-1/2%) of the total
787 contract price or compensation received, including all charges
788 related to the contract such as finance charges and late charges,
789 from constructing, building, erecting, repairing, grading,
790 excavating, drilling, exploring, testing or adding to any
791 building, highway, street, sidewalk, bridge, culvert, sewer,
792 irrigation or water system, drainage or dredging system, levee or
793 levee system or any part thereof, railway, reservoir, dam, power
794 plant, electrical system, air conditioning system, heating system,
795 transmission line, pipeline, tower, dock, storage tank, wharf,
796 excavation, grading, water well, any other improvement or

797 structure or any part thereof when the compensation received
798 exceeds Ten Thousand Dollars (\$10,000.00). Such activities shall
799 not include constructing, repairing or adding to property which
800 retains its identity as personal property. The tax imposed in
801 this section is levied upon the prime contractor and shall be paid
802 by him.

803 (ii) Amounts included in the contract price or
804 compensation received representing the sale of manufacturing or
805 processing machinery for a manufacturer or custom processor shall
806 be taxed at the rate of one and one-half percent (1-1/2%) in lieu
807 of the three and one-half percent (3-1/2%).

808 (b) The following shall be excluded from the tax levied
809 by this section:

810 (i) The contract price or compensation received
811 for constructing, building, erecting, repairing or adding to any
812 building, electrical system, air conditioning system, heating
813 system or any other improvement or structure which is used for or
814 primarily in connection with a residence or dwelling place for
815 human beings. Such residences shall include homes, apartment
816 buildings, condominiums, mobile homes, summer cottages, fishing
817 and hunting camp buildings and similar buildings, but shall not
818 include hotels, motels, hospitals, nursing or retirement homes,
819 tourist cottages or other commercial establishments.

820 (ii) The portion of the total contract price
821 attributable to design or engineering services if the total
822 contract price for the project exceeds the sum of One Hundred
823 Million Dollars (\$100,000,000.00).

824 (iii) The contract price or compensation received
825 to restore, repair or replace a utility distribution or
826 transmission system that has been damaged due to ice storm,
827 hurricane, flood, tornado, wind, earthquake or other natural
828 disaster if such restoration, repair or replacement is performed
829 by the entity providing the service at its cost.

830 (c) Sales of materials and services for use in the
831 activities hereby excluded from taxes imposed by this section,
832 except services used in activities excluded pursuant to paragraph
833 (b)(iii) of this subsection, shall be subject to taxes imposed by
834 other sections in this chapter.

835 (2) Upon every person engaging or continuing in this state
836 in the business of contracting or performing a contract of
837 redrilling, or working over, or of drilling an oil well or a gas
838 well, regardless of whether such well is productive or
839 nonproductive, for any valuable consideration, there is hereby
840 levied, assessed and shall be collected a tax equal to three and
841 one-half percent (3-1/2%) of the total contract price or
842 compensation received when such compensation exceeds Ten Thousand
843 Dollars (\$10,000.00).

844 The words, terms and phrases as used in this subsection shall
845 have the meaning ascribed to them as follows:

846 "Operator" -- One who holds all or a fraction of the working
847 or operating rights in an oil or gas lease, and is obligated for
848 the costs of production either as a fee owner or under a lease or
849 any other form of contract creating working or operating rights.

850 "Bottom-hole contribution" -- Money or property given to an
851 operator for his use in the drilling of a well on property in
852 which the payor has no interest. The contribution is payable
853 whether the well is productive or nonproductive.

854 "Dry-hole contribution" -- Money or property given to an
855 operator for his use in the drilling of a well on property in
856 which the payor has no interest. Such contribution is payable
857 only in the event the well is found to be nonproductive.

858 "Turnkey drilling contract" -- A contract for the drilling of
859 a well which requires the driller to drill a well and, if
860 commercial production is obtained, to equip the well to such stage
861 that the lessee or operator may turn a valve and the oil will flow
862 into a tank.

863 "Total contract price or compensation received" -- As related
864 to oil and gas well contractors, shall include amounts received as
865 compensation for all costs of performing a turnkey drilling
866 contract; amounts received or to be received under assignment as
867 dry-hole money or bottom-hole money; and shall mean and include
868 anything of value received by the contractor as remuneration for
869 services taxable hereunder. When the kind and amount of
870 compensation received by the contractor is contingent upon
871 production, the taxable amount shall be the total compensation
872 receivable in the event the well is a dry hole. The taxable
873 amount in the event of production when the contractor receives a
874 production interest of an undetermined value in lieu of a fixed
875 compensation shall be an amount equal to the compensation to the
876 contractor if the well had been a dry hole.

877 (3) When the work to be performed under any contract is
878 sublet by the prime contractor to different persons, or in
879 separate contracts to the same persons, each such subcontractor
880 performing any part of said work shall be liable for the amount of
881 the tax which accrues on account of the work performed by such
882 person when the tax heretofore imposed has not been paid upon the
883 whole contract by the prime contractor.

884 When a person engaged in any business on which a tax is
885 levied in Section 27-65-23, also qualifies as a contractor, and
886 contracts with the owner of any project to perform any services in
887 excess of Ten Thousand Dollars (\$10,000.00) herein taxed, such
888 person shall pay the tax imposed by this section in lieu of the
889 tax imposed by Section 27-65-23.

890 Any person entering into any contract over Seventy-five
891 Thousand Dollars (\$75,000.00) as defined in this section shall,
892 before beginning the performance of such contract or contracts,
893 either pay the contractors' tax in advance, together with any use
894 taxes due under Section 27-67-5, or execute and file with the
895 Chairman of the State Tax Commission a good and valid bond in a

896 surety company authorized to do business in this state, or with
897 sufficient sureties to be approved by the commissioner conditioned
898 that all taxes which may accrue to the State of Mississippi under
899 this chapter, or under Section 27-67-5 and Section 27-7-5, will be
900 paid when due. Such bonds shall be either (a) "job bonds" which
901 guarantee payment when due of the aforesaid taxes resulting from
902 performance of a specified job or activity regardless of date of
903 completion; or (b) "blanket bonds" which guarantee payment when
904 due of the aforesaid taxes resulting from performance of all jobs
905 or activities taxable under this section begun during the period
906 specified therein, regardless of date of completion. The payments
907 of the taxes due or the execution and filing of a surety bond
908 shall be a condition precedent to the commencing work on any
909 contract taxed hereunder. Provided, that when any bond is filed
910 in lieu of the prepayment of the tax under this section, that the
911 tax shall be payable monthly on the amount received during the
912 previous month, and any use taxes due shall be payable on or
913 before the twentieth day of the month following the month in which
914 the property is brought into Mississippi.

915 Any person failing either to execute any bond herein
916 provided, or to pay the taxes in advance, before beginning the
917 performance of any contract shall be denied the right to perform
918 such contract until he complies with such requirements, and the
919 commissioner is hereby authorized to proceed either under Section
920 27-65-59, under Section 27-65-61 or by injunction to prevent any
921 activity in the performance of such contract until either a
922 satisfactory bond is executed and filed, or all taxes are paid in
923 advance, and a temporary injunction enjoining the execution of
924 such contract shall be granted without notice by any judge or
925 chancellor now authorized by law to grant injunctions.

926 Any person liable for a tax under this section may apply for
927 and obtain a material purchase certificate from the commissioner
928 which may entitle the holder to purchase materials and services

929 that are to become a component part of the structure to be erected
930 or repaired with no tax due. Provided, that the contractor
931 applying for the contractor's material purchase certificate shall
932 furnish the State Tax Commission a list of all work sublet to
933 others, indicating the amount of work to be performed, and the
934 names and addresses of each subcontractor.

935 **SECTION 14.** The following provision shall be codified as
936 Section 27-65-26, Mississippi Code of 1972:

937 27-65-26. From and after July 1, 2007, retail sales within a
938 municipal corporation of food for human consumption not purchased
939 with food stamps issued by the United States Department of
940 Agriculture, or other federal agency, but which would be exempt
941 under paragraph (m) of Section 27-65-111 from taxes imposed by
942 this chapter if the food items were purchased with food stamps,
943 shall be taxed at the rate of one percent (1%).

944 **SECTION 15.** Section 27-65-75, Mississippi Code of 1972, is
945 amended as follows:

946 27-65-75. On or before the fifteenth day of each month, the
947 revenue collected under the provisions of this chapter during the
948 preceding month shall be paid and distributed as follows:

949 (1) (a) On or before August 15, 1992, and each succeeding
950 month thereafter through July 15, 1993, eighteen percent (18%) of
951 the total sales tax revenue collected during the preceding month
952 under the provisions of this chapter, except that collected under
953 the provisions of Sections 27-65-15, 27-65-19(3) and 27-65-21, on
954 business activities within a municipal corporation shall be
955 allocated for distribution to the municipality and paid to the
956 municipal corporation. On or before August 15, 1993, and each
957 succeeding month thereafter through August 15, 2007, eighteen and
958 one-half percent (18-1/2%) of the total sales tax revenue
959 collected during the preceding month under the provisions of this
960 chapter, except that collected under the provisions of Sections
961 27-65-15, 27-65-19(3) and 27-65-21, on business activities within

962 a municipal corporation shall be allocated for distribution to the
963 municipality and paid to the municipal corporation. On or before
964 September 15, 2007, and each succeeding month thereafter, eighteen
965 and one-half percent (18-1/2%) of the total sales tax revenue
966 collected during the preceding month under the provisions of this
967 chapter, except that collected under the provisions of Sections
968 27-65-15, 27-65-19(3), 27-65-21 and 27-65-26, on business
969 activities within a municipal corporation and the total sales tax
970 revenue collected during the preceding month under the provisions
971 of Section 27-65-26 on retail sales of certain food within a
972 municipal corporation shall be allocated for distribution to the
973 municipality and paid to the municipal corporation.

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

977 Monies allocated for distribution and credited to a municipal
978 corporation under this subsection may be pledged as security for a
979 loan if the distribution received by the municipal corporation is
980 otherwise authorized or required by law to be pledged as security
981 for such a loan.

982 In any county having a county seat that is not an
983 incorporated municipality, the distribution provided under this
984 subsection shall be made as though the county seat was an
985 incorporated municipality; however, the distribution to the
986 municipality shall be paid to the county treasury in which the
987 municipality is located, and those funds shall be used for road,
988 bridge and street construction or maintenance in the county.

989 (b) On or before August 15, 2006, and each succeeding
990 month thereafter, eighteen and one-half percent (18-1/2%) of the
991 total sales tax revenue collected during the preceding month under
992 the provisions of this chapter, except that collected under the
993 provisions of Sections 27-65-15, 27-65-19(3) and 27-65-21, on
994 business activities on the campus of a state institution of higher

995 learning or community or junior college whose campus is not
996 located within the corporate limits of a municipality, shall be
997 allocated for distribution to the state institution of higher
998 learning or community or junior college and paid to the state
999 institution of higher learning or community or junior college.

1000 (2) On or before September 15, 1987, and each succeeding
1001 month thereafter, from the revenue collected under this chapter
1002 during the preceding month, One Million One Hundred Twenty-five
1003 Thousand Dollars (\$1,125,000.00) shall be allocated for
1004 distribution to municipal corporations as defined under subsection
1005 (1) of this section in the proportion that the number of gallons
1006 of gasoline and diesel fuel sold by distributors to consumers and
1007 retailers in each such municipality during the preceding fiscal
1008 year bears to the total gallons of gasoline and diesel fuel sold
1009 by distributors to consumers and retailers in municipalities
1010 statewide during the preceding fiscal year. The State Tax
1011 Commission shall require all distributors of gasoline and diesel
1012 fuel to report to the commission monthly the total number of
1013 gallons of gasoline and diesel fuel sold by them to consumers and
1014 retailers in each municipality during the preceding month. The
1015 State Tax Commission shall have the authority to promulgate such
1016 rules and regulations as is necessary to determine the number of
1017 gallons of gasoline and diesel fuel sold by distributors to
1018 consumers and retailers in each municipality. In determining the
1019 percentage allocation of funds under this subsection for the
1020 fiscal year beginning July 1, 1987, and ending June 30, 1988, the
1021 State Tax Commission may consider gallons of gasoline and diesel
1022 fuel sold for a period of less than one (1) fiscal year. For the
1023 purposes of this subsection, the term "fiscal year" means the
1024 fiscal year beginning July 1 of a year.

1025 (3) On or before September 15, 1987, and on or before the
1026 fifteenth day of each succeeding month, until the date specified
1027 in Section 65-39-35, the proceeds derived from contractors' taxes

1028 levied under Section 27-65-21 on contracts for the construction or
1029 reconstruction of highways designated under the highway program
1030 created under Section 65-3-97 shall, except as otherwise provided
1031 in Section 31-17-127, be deposited into the State Treasury to the
1032 credit of the State Highway Fund to be used to fund that highway
1033 program. The Mississippi Department of Transportation shall
1034 provide to the State Tax Commission such information as is
1035 necessary to determine the amount of proceeds to be distributed
1036 under this subsection.

1037 (4) On or before August 15, 1994, and on or before the
1038 fifteenth day of each succeeding month through July 15, 1999, from
1039 the proceeds of gasoline, diesel fuel or kerosene taxes as
1040 provided in Section 27-5-101(a)(ii)1, Four Million Dollars
1041 (\$4,000,000.00) shall be deposited in the State Treasury to the
1042 credit of a special fund designated as the "State Aid Road Fund,"
1043 created by Section 65-9-17. On or before August 15, 1999, and on
1044 or before the fifteenth day of each succeeding month, from the
1045 total amount of the proceeds of gasoline, diesel fuel or kerosene
1046 taxes apportioned by Section 27-5-101(a)(ii)1, Four Million
1047 Dollars (\$4,000,000.00) or an amount equal to twenty-three and
1048 one-fourth percent (23-1/4%) of those funds, whichever is the
1049 greater amount, shall be deposited in the State Treasury to the
1050 credit of the "State Aid Road Fund," created by Section 65-9-17.
1051 Those funds shall be pledged to pay the principal of and interest
1052 on state aid road bonds heretofore issued under Sections 19-9-51
1053 through 19-9-77, in lieu of and in substitution for the funds
1054 previously allocated to counties under this section. Those funds
1055 may not be pledged for the payment of any state aid road bonds
1056 issued after April 1, 1981; however, this prohibition against the
1057 pledging of any such funds for the payment of bonds shall not
1058 apply to any bonds for which intent to issue those bonds has been
1059 published, for the first time, as provided by law before March 29,
1060 1981. From the amount of taxes paid into the special fund under

1061 this subsection and subsection (9) of this section, there shall be
1062 first deducted and paid the amount necessary to pay the expenses
1063 of the Office of State Aid Road Construction, as authorized by the
1064 Legislature for all other general and special fund agencies. The
1065 remainder of the fund shall be allocated monthly to the several
1066 counties in accordance with the following formula:

1067 (a) One-third (1/3) shall be allocated to all counties
1068 in equal shares;

1069 (b) One-third (1/3) shall be allocated to counties
1070 based on the proportion that the total number of rural road miles
1071 in a county bears to the total number of rural road miles in all
1072 counties of the state; and

1073 (c) One-third (1/3) shall be allocated to counties
1074 based on the proportion that the rural population of the county
1075 bears to the total rural population in all counties of the state,
1076 according to the latest federal decennial census.

1077 For the purposes of this subsection, the term "gasoline,
1078 diesel fuel or kerosene taxes" means such taxes as defined in
1079 paragraph (f) of Section 27-5-101.

1080 The amount of funds allocated to any county under this
1081 subsection for any fiscal year after fiscal year 1994 shall not be
1082 less than the amount allocated to the county for fiscal year 1994.

1083 Any reference in the general laws of this state or the
1084 Mississippi Code of 1972 to Section 27-5-105 shall mean and be
1085 construed to refer and apply to subsection (4) of Section
1086 27-65-75.

1087 (5) One Million Six Hundred Sixty-six Thousand Six Hundred
1088 Sixty-six Dollars (\$1,666,666.00) each month shall be paid into
1089 the special fund known as the "State Public School Building Fund"
1090 created and existing under the provisions of Sections 37-47-1
1091 through 37-47-67. Those payments into that fund are to be made on
1092 the last day of each succeeding month hereafter.

1093 (6) An amount each month beginning August 15, 1983, through
1094 November 15, 1986, as specified in Section 6 of Chapter 542, Laws
1095 of 1983, shall be paid into the special fund known as the
1096 Correctional Facilities Construction Fund created in Section 6 of
1097 Chapter 542, Laws of 1983.

1098 (7) On or before August 15, 1992, and each succeeding month
1099 thereafter through July 15, 2000, two and two hundred sixty-six
1100 one-thousandths percent (2.266%) of the total sales tax revenue
1101 collected during the preceding month under the provisions of this
1102 chapter, except that collected under the provisions of Section
1103 27-65-17(2) shall be deposited by the commission into the School
1104 Ad Valorem Tax Reduction Fund created under Section 37-61-35. On
1105 or before August 15, 2000, and each succeeding month thereafter,
1106 two and two hundred sixty-six one-thousandths percent (2.266%) of
1107 the total sales tax revenue collected during the preceding month
1108 under the provisions of this chapter, except that collected under
1109 the provisions of Section 27-65-17(2), shall be deposited into the
1110 School Ad Valorem Tax Reduction Fund created under Section
1111 37-61-35 until such time that the total amount deposited into the
1112 fund during a fiscal year equals Forty-two Million Dollars
1113 (\$42,000,000.00). Thereafter, the amounts diverted under this
1114 subsection (7) during the fiscal year in excess of Forty-two
1115 Million Dollars (\$42,000,000.00) shall be deposited into the
1116 Education Enhancement Fund created under Section 37-61-33 for
1117 appropriation by the Legislature as other education needs and
1118 shall not be subject to the percentage appropriation requirements
1119 set forth in Section 37-61-33.

1120 (8) On or before August 15, 1992, and each succeeding month
1121 thereafter, nine and seventy-three one-thousandths percent
1122 (9.073%) of the total sales tax revenue collected during the
1123 preceding month under the provisions of this chapter, except that
1124 collected under the provisions of Section 27-65-17(2), shall be

1125 deposited into the Education Enhancement Fund created under
1126 Section 37-61-33.

1127 (9) On or before August 15, 1994, and each succeeding month
1128 thereafter, from the revenue collected under this chapter during
1129 the preceding month, Two Hundred Fifty Thousand Dollars
1130 (\$250,000.00) shall be paid into the State Aid Road Fund.

1131 (10) On or before August 15, 1994, and each succeeding month
1132 thereafter through August 15, 1995, from the revenue collected
1133 under this chapter during the preceding month, Two Million Dollars
1134 (\$2,000,000.00) shall be deposited into the Motor Vehicle Ad
1135 Valorem Tax Reduction Fund established in Section 27-51-105.

1136 (11) Notwithstanding any other provision of this section to
1137 the contrary, on or before February 15, 1995, and each succeeding
1138 month thereafter, the sales tax revenue collected during the
1139 preceding month under the provisions of Section 27-65-17(2) and
1140 the corresponding levy in Section 27-65-23 on the rental or lease
1141 of private carriers of passengers and light carriers of property
1142 as defined in Section 27-51-101 shall be deposited, without
1143 diversion, into the Motor Vehicle Ad Valorem Tax Reduction Fund
1144 established in Section 27-51-105.

1145 (12) Notwithstanding any other provision of this section to
1146 the contrary, on or before August 15, 1995, and each succeeding
1147 month thereafter, the sales tax revenue collected during the
1148 preceding month under the provisions of Section 27-65-17(1) on
1149 retail sales of private carriers of passengers and light carriers
1150 of property, as defined in Section 27-51-101 and the corresponding
1151 levy in Section 27-65-23 on the rental or lease of these vehicles,
1152 shall be deposited, after diversion, into the Motor Vehicle Ad
1153 Valorem Tax Reduction Fund established in Section 27-51-105.

1154 (13) On or before July 15, 1994, and on or before the
1155 fifteenth day of each succeeding month thereafter, that portion of
1156 the avails of the tax imposed in Section 27-65-22 that is derived
1157 from activities held on the Mississippi State Fairgrounds Complex,

1158 shall be paid into a special fund that is created in the State
1159 Treasury and shall be expended upon legislative appropriation
1160 solely to defray the costs of repairs and renovation at the Trade
1161 Mart and Coliseum.

1162 (14) On or before August 15, 1998, and each succeeding month
1163 thereafter through July 15, 2005, that portion of the avails of
1164 the tax imposed in Section 27-65-23 that is derived from sales by
1165 cotton compresses or cotton warehouses and that would otherwise be
1166 paid into the General Fund, shall be deposited in an amount not to
1167 exceed Two Million Dollars (\$2,000,000.00) into the special fund
1168 created under Section 69-37-39.

1169 (15) Notwithstanding any other provision of this section to
1170 the contrary, on or before September 15, 2000, and each succeeding
1171 month thereafter, the sales tax revenue collected during the
1172 preceding month under the provisions of Section 27-65-19(1)(f) and
1173 (g)(i)2, shall be deposited, without diversion, into the
1174 Telecommunications Ad Valorem Tax Reduction Fund established in
1175 Section 27-38-7.

1176 (16) On or before August 15, 2000, and each succeeding month
1177 thereafter, the sales tax revenue collected during the preceding
1178 month under the provisions of this chapter on the gross proceeds
1179 of sales of a project as defined in Section 57-30-1 shall be
1180 deposited, after all diversions except the diversion provided for
1181 in subsection (1) of this section, into the Sales Tax Incentive
1182 Fund created in Section 57-30-3.

1183 (17) Notwithstanding any other provision of this section to
1184 the contrary, on or before April 15, 2002, and each succeeding
1185 month thereafter, the sales tax revenue collected during the
1186 preceding month under Section 27-65-23 on sales of parking
1187 services of parking garages and lots at airports shall be
1188 deposited, without diversion, into the special fund created under
1189 Section 27-5-101(d).

1190 (18) On or before August 15, 2007, and each succeeding month
1191 thereafter through July 15, 2008, from the sales tax revenue
1192 collected during the preceding month under the provisions of this
1193 chapter, Two Million Five Hundred Thousand Dollars (\$2,500,000.00)
1194 shall be deposited into the Special Funds Transfer Fund created in
1195 Section 4 of Chapter 556, Laws of 2003.

1196 (19) (a) On or before August 15, 2005, and each succeeding
1197 month thereafter, the sales tax revenue collected during the
1198 preceding month under the provisions of this chapter on the gross
1199 proceeds of sales of a business enterprise located within a
1200 redevelopment project area under the provisions of Sections
1201 57-91-1 through 57-91-11, and the revenue collected on the gross
1202 proceeds of sales from sales made to a business enterprise located
1203 in a redevelopment project area under the provisions of Sections
1204 57-91-1 through 57-91-11 (provided that such sales made to a
1205 business enterprise are made on the premises of the business
1206 enterprise), shall, except as otherwise provided in this
1207 subsection (19), be deposited, after all diversions, into the
1208 Redevelopment Project Incentive Fund as created in Section
1209 57-91-9.

1210 (b) For a municipality participating in the Economic
1211 Redevelopment Act created in Sections 57-91-1 through 57-91-11,
1212 the diversion provided for in subsection (1) of this section
1213 attributable to the gross proceeds of sales of a business
1214 enterprise located within a redevelopment project area under the
1215 provisions of Sections 57-91-1 through 57-91-11, and attributable
1216 to the gross proceeds of sales from sales made to a business
1217 enterprise located in a redevelopment project area under the
1218 provisions of Sections 57-91-1 through 57-91-11 (provided that
1219 such sales made to a business enterprise are made on the premises
1220 of the business enterprise), shall be deposited into the
1221 Redevelopment Project Incentive Fund as created in Section
1222 57-91-9, as follows:

1223 (i) For the first six (6) years in which payments
1224 are made to a developer from the Redevelopment Project Incentive
1225 Fund, one hundred percent (100%) of the diversion shall be
1226 deposited into the fund;

1227 (ii) For the seventh year in which such payments
1228 are made to a developer from the Redevelopment Project Incentive
1229 Fund, eighty percent (80%) of the diversion shall be deposited
1230 into the fund;

1231 (iii) For the eighth year in which such payments
1232 are made to a developer from the Redevelopment Project Incentive
1233 Fund, seventy percent (70%) of the diversion shall be deposited
1234 into the fund;

1235 (iv) For the ninth year in which such payments are
1236 made to a developer from the Redevelopment Project Incentive Fund,
1237 sixty percent (60%) of the diversion shall be deposited into the
1238 fund; and

1239 (v) For the tenth year in which such payments are
1240 made to a developer from the Redevelopment Project Incentive Fund,
1241 fifty percent (50%) of the funds shall be deposited into the fund.

1242 (20) On or before January 15, 2007, and each succeeding
1243 month thereafter, eighty percent (80%) of the sales tax revenue
1244 collected during the preceding month under the provisions of this
1245 chapter from the operation of a tourism project under the
1246 provisions of Sections 57-28-1 through 57-28-5, shall be
1247 deposited, after the diversions required in subsections (7) and
1248 (8) of this section, into the Tourism Sales Tax Incentive Fund
1249 created in Section 57-28-3.

1250 (21) The remainder of the amounts collected under the
1251 provisions of this chapter shall be paid into the State Treasury
1252 to the credit of the General Fund.

1253 (22) It shall be the duty of the municipal officials of any
1254 municipality that expands its limits, or of any community that
1255 incorporates as a municipality, to notify the commissioner of that

1256 action thirty (30) days before the effective date. Failure to so
1257 notify the commissioner shall cause the municipality to forfeit
1258 the revenue that it would have been entitled to receive during
1259 this period of time when the commissioner had no knowledge of the
1260 action. If any funds have been erroneously disbursed to any
1261 municipality or any overpayment of tax is recovered by the
1262 taxpayer, the commissioner may make correction and adjust the
1263 error or overpayment with the municipality by withholding the
1264 necessary funds from any later payment to be made to the
1265 municipality.

1266 **SECTION 16.** Section 27-65-111, Mississippi Code of 1972, is
1267 amended as follows:

1268 27-65-111. The exemptions from the provisions of this
1269 chapter which are not industrial, agricultural or governmental, or
1270 which do not relate to utilities or taxes, or which are not
1271 properly classified as one of the exemption classifications of
1272 this chapter, shall be confined to persons or property exempted by
1273 this section or by the Constitution of the United States or the
1274 State of Mississippi. No exemptions as now provided by any other
1275 section, except the classified exemption sections of this chapter
1276 set forth herein, shall be valid as against the tax herein levied.
1277 Any subsequent exemption from the tax levied hereunder, except as
1278 indicated above, shall be provided by amendments to this section.

1279 No exemption provided in this section shall apply to taxes
1280 levied by Section 27-65-15 or 27-65-21, Mississippi Code of 1972.

1281 The tax levied by this chapter shall not apply to the
1282 following:

1283 (a) Sales of tangible personal property and services to
1284 hospitals or infirmaries owned and operated by a corporation or
1285 association in which no part of the net earnings inures to the
1286 benefit of any private shareholder, group or individual, and which
1287 are subject to and governed by Sections 41-7-123 through 41-7-127.

1288 Only sales of tangible personal property or services which
1289 are ordinary and necessary to the operation of such hospitals and
1290 infirmaries are exempted from tax.

1291 (b) Sales of daily or weekly newspapers, and
1292 periodicals or publications of scientific, literary or educational
1293 organizations exempt from federal income taxation under Section
1294 501(c)(3) of the Internal Revenue Code of 1954, as it exists as of
1295 March 31, 1975, and subscription sales of all magazines.

1296 (c) Sales of coffins, caskets and other materials used
1297 in the preparation of human bodies for burial.

1298 (d) Sales of tangible personal property for immediate
1299 export to a foreign country.

1300 (e) Sales of tangible personal property to an
1301 orphanage, old men's or ladies' home, supported wholly or in part
1302 by a religious denomination, fraternal nonprofit organization or
1303 other nonprofit organization.

1304 (f) Sales of tangible personal property, labor or
1305 services taxable under Sections 27-65-17, 27-65-19 and 27-65-23,
1306 to a YMCA, YWCA, a Boys' or Girls' Club owned and operated by a
1307 corporation or association in which no part of the net earnings
1308 inures to the benefit of any private shareholder, group or
1309 individual.

1310 (g) Sales to elementary and secondary grade schools,
1311 junior and senior colleges owned and operated by a corporation or
1312 association in which no part of the net earnings inures to the
1313 benefit of any private shareholder, group or individual, and which
1314 are exempt from state income taxation, provided that this
1315 exemption does not apply to sales of property or services which
1316 are not to be used in the ordinary operation of the school, or
1317 which are to be resold to the students or the public.

1318 (h) The gross proceeds of retail sales and the use or
1319 consumption in this state of drugs and medicines:

1320 (i) Prescribed for the treatment of a human being
1321 by a person authorized to prescribe the medicines, and dispensed
1322 or prescription filled by a registered pharmacist in accordance
1323 with law; or

1324 (ii) Furnished by a licensed physician, surgeon,
1325 dentist or podiatrist to his own patient for treatment of the
1326 patient; or

1327 (iii) Furnished by a hospital for treatment of any
1328 person pursuant to the order of a licensed physician, surgeon,
1329 dentist or podiatrist; or

1330 (iv) Sold to a licensed physician, surgeon,
1331 podiatrist, dentist or hospital for the treatment of a human
1332 being; or

1333 (v) Sold to this state or any political
1334 subdivision or municipal corporation thereof, for use in the
1335 treatment of a human being or furnished for the treatment of a
1336 human being by a medical facility or clinic maintained by this
1337 state or any political subdivision or municipal corporation
1338 thereof.

1339 "Medicines," as used in this paragraph (h), shall mean and
1340 include any substance or preparation intended for use by external
1341 or internal application to the human body in the diagnosis, cure,
1342 mitigation, treatment or prevention of disease and which is
1343 commonly recognized as a substance or preparation intended for
1344 such use; provided that "medicines" do not include any auditory,
1345 prosthetic, ophthalmic or ocular device or appliance, any dentures
1346 or parts thereof or any artificial limbs or their replacement
1347 parts, articles which are in the nature of splints, bandages,
1348 pads, compresses, supports, dressings, instruments, apparatus,
1349 contrivances, appliances, devices or other mechanical, electronic,
1350 optical or physical equipment or article or the component parts
1351 and accessories thereof, or any alcoholic beverage or any other
1352 drug or medicine not commonly referred to as a prescription drug.

1353 Notwithstanding the preceding sentence of this paragraph (h),
1354 "medicines" as used in this paragraph (h), shall mean and include
1355 sutures, whether or not permanently implanted, bone screws, bone
1356 pins, pacemakers and other articles permanently implanted in the
1357 human body to assist the functioning of any natural organ, artery,
1358 vein or limb and which remain or dissolve in the body.

1359 "Hospital," as used in this paragraph (h), shall have the
1360 meaning ascribed to it in Section 41-9-3, Mississippi Code of
1361 1972.

1362 Insulin furnished by a registered pharmacist to a person for
1363 treatment of diabetes as directed by a physician shall be deemed
1364 to be dispensed on prescription within the meaning of this
1365 paragraph (h).

1366 (i) Retail sales of automobiles, trucks and
1367 truck-tractors if exported from this state within forty-eight (48)
1368 hours and registered and first used in another state.

1369 (j) Sales of tangible personal property or services to
1370 the Salvation Army and the Muscular Dystrophy Association, Inc.

1371 * * *

1372 (k) Sales of tangible personal property or services to
1373 the Institute for Technology Development.

1374 (l) The gross proceeds of retail sales of food and
1375 drink for human consumption made through vending machines serviced
1376 by full line vendors from and not connected with other taxable
1377 businesses.

1378 * * *

1379 (m) Retail sales of food for human consumption
1380 purchased with food stamps issued by the United States Department
1381 of Agriculture, or other federal agency, from and after October 1,
1382 1987, or from and after the expiration of any waiver granted
1383 pursuant to federal law, the effect of which waiver is to permit
1384 the collection by the state of tax on such retail sales of food
1385 for human consumption purchased with food stamps.

1386 (n) Sales of cookies for human consumption by the Girl
1387 Scouts of America no part of the net earnings from which sales
1388 inures to the benefit of any private group or individual.

1389 (o) Gifts or sales of tangible personal property or
1390 services to public or private nonprofit museums of art.

1391 (p) Sales of tangible personal property or services to
1392 alumni associations of state-supported colleges or universities.

1393 (q) Sales of tangible personal property or services to
1394 chapters of the National Association of Junior Auxiliaries, Inc.

1395 (r) Sales of tangible personal property or services to
1396 domestic violence shelters which qualify for state funding under
1397 Sections 93-21-101 through 93-21-113.

1398 (s) Sales of tangible personal property or services to
1399 the National Multiple Sclerosis Society, Mississippi Chapter.

1400 (t) Retail sales of food for human consumption
1401 purchased with food instruments issued the Mississippi Band of
1402 Choctaw Indians under the Women, Infants and Children Program
1403 (WIC) funded by the United States Department of Agriculture.

1404 (u) Sales of tangible personal property or services to
1405 a private company, as defined in Section 57-61-5, which is making
1406 such purchases with proceeds of bonds issued under Section 57-61-1
1407 et seq., the Mississippi Business Investment Act.

1408 (v) The gross collections from the operation of
1409 self-service, coin-operated car washing equipment and sales of the
1410 service of washing motor vehicles with portable high-pressure
1411 washing equipment on the premises of the customer.

1412 (w) Sales of tangible personal property or services to
1413 the Mississippi Technology Alliance.

1414 (x) Sales of tangible personal property to nonprofit
1415 organizations that provide foster care, adoption services and
1416 temporary housing for unwed mothers and their children if the
1417 organization is exempt from federal income taxation under Section
1418 501(c)(3) of the Internal Revenue Code.

1419 (y) Sales of tangible personal property to nonprofit
1420 organizations that provide residential rehabilitation for persons
1421 with alcohol and drug dependencies if the organization is exempt
1422 from federal income taxation under Section 501(c)(3) of the
1423 Internal Revenue Code.

1424 (z) Retail sales outside a municipal corporation of
1425 food for human consumption not purchased with food stamps issued
1426 by the United States Department of Agriculture, or other federal
1427 agency, but which would be exempt under paragraph (m) of this
1428 section from taxes imposed by this chapter if the food items were
1429 purchased with food stamps.

1430 **SECTION 17.** Section 27-69-13, Mississippi Code of 1972, is
1431 amended as follows:

1432 27-69-13. There is hereby imposed, levied and assessed, to
1433 be collected and paid as hereinafter provided in this chapter, an
1434 excise tax on each person or dealer in cigarettes, cigars,
1435 stogies, snuff, chewing tobacco, and smoking tobacco, or
1436 substitutes therefor, upon the sale, use, consumption, handling or
1437 distribution in the State of Mississippi, as follows:

1438 (a) On cigarettes, the rate of tax shall be Two and
1439 One-half Cents (2-1/2¢) on each cigarette sold with a maximum
1440 length of one hundred twenty (120) millimeters; any cigarette in
1441 excess of this length shall be taxed as if it were two (2) or more
1442 cigarettes. Provided, however, if the federal tax rate on
1443 cigarettes in effect on June 1, 1985, is reduced, then the rate as
1444 provided herein shall be increased by the amount of the federal
1445 tax reduction. Such tax increase shall take effect on the first
1446 day of the month following the effective date of such reduction in
1447 the federal tax rate.

1448 (b) On cigars, cheroots, stogies, snuff, chewing and
1449 smoking tobacco and all other tobacco products except cigarettes,
1450 the rate of tax shall be fifteen percent (15%) of the
1451 manufacturer's list price.

1452 No stamp evidencing the tax herein levied on cigarettes shall
1453 be of a denomination of less than One Cent (1¢), and whenever the
1454 tax computed at the rates herein prescribed on cigarettes shall be
1455 a specified amount, plus a fractional part of One Cent (1¢), the
1456 package shall be stamped for the next full cent; however, the
1457 additional face value of stamps purchased to comply with taxes
1458 imposed by this section after June 1, 1985, shall be subject to a
1459 four percent (4%) discount or compensation to dealers for their
1460 services rather than the eight percent (8%) discount or
1461 compensation allowed by Section 27-69-31.

1462 Every wholesaler shall purchase stamps as provided in this
1463 chapter, and affix the same to all packages of cigarettes handled
1464 by him as herein provided.

1465 The above tax is levied upon the sale, use, gift, possession
1466 or consumption of tobacco within the State of Mississippi, and the
1467 impact of the tax levied by this chapter is hereby declared to be
1468 on the vendee, user, consumer or possessor of tobacco in this
1469 state; and when said tax is paid by any other person, such payment
1470 shall be considered as an advance payment and shall thereafter be
1471 added to the price of the tobacco and recovered from the ultimate
1472 consumer or user.

1473 **SECTION 18.** Section 2 of this act shall be codified in
1474 Chapter 7, Title 27, Mississippi Code of 1972.

1475 **SECTION 19.** This act shall take effect and be in force from
1476 and after July 1, 2007.