

By: Representative Lamar

To: Ways and Means

HOUSE BILL NO. 4076

1 AN ACT TO AUTHORIZE THE GOVERNING AUTHORITIES OF ANY
2 MUNICIPALITY TO IMPOSE A SALES TAX ON THE GROSS PROCEEDS OF ALL
3 SALES OR THE GROSS INCOME OF BUSINESSES IN THE MUNICIPALITY
4 DERIVED FROM ACTIVITIES TAXED AT THE RATE OF SEVEN PERCENT UNDER
5 THE MISSISSIPPI SALES TAX LAW; TO LIMIT THE RATE OF THE TAX THAT
6 MAY BE IMPOSED BY A MUNICIPALITY; TO AMEND SECTION 27-65-17,
7 MISSISSIPPI CODE OF 1972, TO REDUCE THE SALES TAX RATE ON RETAIL
8 SALES OF FOOD FOR HUMAN CONSUMPTION NOT PURCHASED WITH FOOD STAMPS
9 BUT WHICH WOULD BE EXEMPT FROM SALES TAX IF PURCHASED WITH FOOD
10 STAMPS; TO AMEND SECTION 27-65-19, MISSISSIPPI CODE OF 1972, TO
11 LEVY A TAX ON THE GROSS INCOME FROM RETAIL SALES OF CERTAIN MOTOR
12 FUELS; TO AMEND SECTION 27-65-75, MISSISSIPPI CODE OF 1972, TO
13 REVISE THE AMOUNT OF STATE SALES TAX REVENUE THAT IS DISTRIBUTED
14 TO MUNICIPALITIES; TO REVISE THE DISTRIBUTION OF STATE SALES TAX
15 REVENUE COLLECTED FROM RETAIL SALES OF FOOD FOR HUMAN CONSUMPTION
16 NOT PURCHASED WITH FOOD STAMPS BUT WHICH WOULD BE EXEMPT FROM
17 SALES TAX IF PURCHASED WITH FOOD STAMPS; TO PROVIDE THAT SALES TAX
18 REVENUE DERIVED FROM RETAIL SALES OF CERTAIN MOTOR FUELS, SHALL BE
19 DEPOSITED INTO THE 2022 MAINTENANCE PROJECT FUND AND THE 2022
20 CAPACITY PROJECT FUND; TO AMEND SECTION 27-65-111, MISSISSIPPI
21 CODE OF 1972, TO REVISE THE SALES TAX EXEMPTION ON SALES OF
22 CERTAIN MOTOR FUEL; TO AMEND SECTION 27-7-5, MISSISSIPPI CODE OF
23 1972, TO PHASE OUT THE STATE INCOME TAX ON THE TAXABLE INCOME OF
24 INDIVIDUALS; AND FOR RELATED PURPOSES.

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

26 **SECTION 1.** (1) (a) (i) Subject to the provisions of this
27 section, from and after July 1, 2024, the governing authorities of
28 a municipality may impose upon all persons as a privilege for
29 engaging or continuing in business or doing business within such



30 municipality, a sales tax at the rate of not more than one and
31 one-half percent (1-1/2%) of the gross proceeds of sales or gross
32 income of the business, as the case may be, derived from any of
33 the activities taxed at the rate of seven percent (7%) under the
34 provisions of this chapter and from activities taxed under Section
35 27-65-17(1) (m) .

36 However, for the first municipal fiscal year that a
37 municipality imposes a tax under this section, the rate of the tax
38 that may be imposed by a municipality under this section during
39 the fiscal year may not exceed a rate that will produce revenue
40 during such fiscal year in an amount that is greater than one
41 hundred ten percent (110%) of the amount of state sales tax
42 revenue that was distributed to the municipality under Section
43 27-65-75(1) (a) during the state fiscal year ending June 30, 2024,
44 from collections on business activities within the municipality
45 taxed at a rate of seven percent (7%) under the provisions of this
46 chapter. In addition, beginning with the second municipal fiscal
47 year that a municipality imposes a tax under this section and for
48 each fiscal year thereafter, the revenue derived from the tax
49 during the applicable year may not exceed one hundred five percent
50 (105%) of the amount of the revenue derived from the tax during
51 the immediately preceding fiscal year. However, revenue collected
52 during the first year in an area in which the municipality
53 expanded its corporate boundaries shall be excluded when



54 calculating revenues for that preceding year for the purposes of
55 such limit.

56 If the revenue collected from the tax during the municipal
57 fiscal year exceeds any such limit, then the clerk of the
58 municipality must deposit such excess receipts into a special
59 account and hold the funds and invest the funds as authorized by
60 law and report the total to the municipal governing authorities.
61 The funds derived from the excess revenue shall not be expended
62 during the fiscal year in which the excess revenue is collected.
63 Funds derived from such excess revenue shall be calculated in the
64 budget for the municipality for the succeeding fiscal year.

65 (ii) For the municipal fiscal year beginning
66 October 1, 2024 and ending September 30, 2025, and each fiscal
67 year thereafter through the municipal fiscal year beginning
68 October 1, 2026, and ending September 30, 2027, if a municipality
69 imposing a tax under this section derives revenue from the tax
70 during a fiscal year that is less than the amount of state sales
71 tax revenue that was distributed to the municipality under Section
72 27-65-75(1)(a) during the state fiscal year ending June 30, 2024,
73 from collections on business activities within the municipality
74 taxed at a rate of seven percent (7%) under the provisions of this
75 chapter, the Department of Revenue shall disburse funds to the
76 municipality for the amount of such revenue shortfall. Such
77 payments by the Department of Revenue shall be from current tax
78 collections.



79 (b) The tax imposed under this section shall apply to
80 every person making sales, delivery or installations of tangible
81 personal property or services within any municipality that has
82 adopted the levy authorized in this section but shall not apply to
83 sales exempted by Sections 27-65-19, 27-65-101, 27-65-103,
84 27-65-105, 27-65-107, 27-65-109 and 27-65-111.

85 (2) (a) In order to impose a tax under this section, the
86 governing authorities of the municipality must adopt a resolution
87 declaring its intention to impose the tax, setting forth the
88 amount of the tax to be imposed and the date upon which the tax
89 shall become effective. A certified copy of this resolution shall
90 be furnished to the Department of Revenue not less than thirty
91 (30) days before the effective date of the tax.

92 (b) A municipality imposing a tax under this section
93 may revise the rate of the tax one (1) time during the
94 municipality's fiscal year at the time the municipality adopts its
95 budget for the next fiscal year. In order to revise the rate of
96 the tax imposed under this section, the governing authorities of
97 the municipality must adopt a resolution declaring its intention
98 to revise the rate of the tax, setting forth the revised rate of
99 the tax to be imposed and the date upon which the revised tax rate
100 shall become effective during the next succeeding fiscal year. A
101 certified copy of this resolution shall be furnished to the
102 Department of Revenue not less than thirty (30) days before the
103 effective date of the revised rate of the tax.



104 (c) If a municipality imposing a tax under this section
105 expands its corporate boundaries, in order to impose the tax in
106 the expanded area, the governing authorities of the municipality
107 must adopt a resolution declaring its intention to impose the tax
108 in the expanded area, setting forth the rate of the tax to be
109 imposed and the date upon which the tax shall become effective. A
110 certified copy of this resolution shall be furnished to the
111 Department of Revenue not less than thirty (30) days before the
112 effective date of the tax in the expanded area.

113 (3) A municipality may use revenue derived from the tax
114 imposed under this section for any purpose for which the
115 municipality may use monies distributed to it under the provisions
116 of Section 27-65-75(1)(a).

117 (4) The sales tax authorized by this section shall be
118 collected by the Department of Revenue, shall be accounted for
119 separately from the amount of sales tax collected for the state in
120 the municipality and shall be paid to the municipality in which
121 collected. Payments to the municipality shall be made by the
122 Department of Revenue on or before the fifteenth day of the month
123 following the month in which the tax was collected.

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

126 27-65-17. (1) (a) Except as otherwise provided in this
127 section, upon every person engaging or continuing within this
128 state in the business of selling any tangible personal property



129 whatsoever there is hereby levied, assessed and shall be collected
130 a tax equal to seven percent (7%) of the gross proceeds of the
131 retail sales of the business.

132 (b) Retail sales of farm tractors and parts and labor
133 used to maintain and/or repair such tractors shall be taxed at the
134 rate of one and one-half percent (1-1/2%) when made to farmers for
135 agricultural purposes.

136 (c) (i) Retail sales of farm implements sold to
137 farmers and used directly in the production of poultry, ratite,
138 domesticated fish as defined in Section 69-7-501, livestock,
139 livestock products, agricultural crops or ornamental plant crops
140 or used for other agricultural purposes, and parts and labor used
141 to maintain and/or repair such implements, shall be taxed at the
142 rate of one and one-half percent (1-1/2%) when used on the farm.

143 (ii) The one and one-half percent (1-1/2%) rate
144 shall also apply to all equipment used in logging, pulpwood
145 operations or tree farming, and parts and labor used to maintain
146 and/or repair such equipment, which is either:

- 147 1. Self-propelled, or
148 2. Mounted so that it is permanently attached
149 to other equipment which is self-propelled or attached to other
150 equipment drawn by a vehicle which is self-propelled.

151 In order to be eligible for the rate of tax provided for in
152 this subparagraph (ii), such sales must be made to a professional
153 logger. For the purposes of this subparagraph (ii), a



154 "professional logger" is a person, corporation, limited liability
155 company or other entity, or an agent thereof, who possesses a
156 professional logger's permit issued by the Department of Revenue
157 and who presents the permit to the seller at the time of purchase.
158 The department shall establish an application process for a
159 professional logger's permit to be issued, which shall include a
160 requirement that the applicant submit a copy of documentation
161 verifying that the applicant is certified according to Sustainable
162 Forestry Initiative guidelines. Upon a determination that an
163 applicant is a professional logger, the department shall issue the
164 applicant a numbered professional logger's permit.

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

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

175 (f) Sales of machinery and machine parts when made to a
176 technology intensive enterprise for plant use only when the
177 machinery and machine parts will be used exclusively and directly
178 within this state for industrial purposes, including, but not



179 limited to, manufacturing or research and development activities,
180 shall be taxed at the rate of one and one-half percent (1-1/2%).
181 In order to be considered a technology intensive enterprise for
182 purposes of this paragraph:

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

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

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

190 (iv) The enterprise shall manufacture plastics,
191 chemicals, automobiles, aircraft, computers or electronics; or
192 shall be a research and development facility, a computer design or
193 related facility, or a software publishing facility or other
194 technology intensive facility or enterprise as determined by the
195 Mississippi Development Authority;

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

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

201 A medical cannabis establishment, as defined in the
202 Mississippi Medical Cannabis Act, shall not be considered to be a



203 technology intensive enterprise for the purposes of this paragraph
204 (f).

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

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

213 (i) Wholesale sales of food and drink for human
214 consumption to full-service vending machine operators to be sold
215 through vending machines located apart from and not connected with
216 other taxable businesses shall be taxed at the rate of eight
217 percent (8%).

218 (j) Sales of equipment used or designed for the purpose
219 of assisting disabled persons, such as wheelchair equipment and
220 lifts, that is mounted or attached to or installed on a private
221 carrier of passengers or light carrier of property, as defined in
222 Section 27-51-101, at the time when the private carrier of
223 passengers or light carrier of property is sold shall be taxed at
224 the same rate as the sale of such vehicles under this section.

225 (k) Sales of the factory-built components of modular
226 homes, panelized homes and precut homes, and panel constructed



227 homes consisting of structural insulated panels, shall be taxed at
228 the rate of three percent (3%).

229 (1) Sales of materials used in the repair, renovation,
230 addition to, expansion and/or improvement of buildings and related
231 facilities used by a dairy producer shall be taxed at the rate of
232 three and one-half percent (3-1/2%). For the purposes of this
233 paragraph (1), "dairy producer" means any person engaged in the
234 production of milk for commercial use.

235 (m) Retail sales of food for human consumption not
236 purchased with food stamps issued by the United States Department
237 of Agriculture, or other federal agency, but which would be exempt
238 under Section 27-65-111(o) from the taxes imposed by this chapter
239 if the food items were purchased with food stamps, shall be taxed
240 at the rate of three and one-half percent (3-1/2%).

241 (2) From and after January 1, 1995, retail sales of private
242 carriers of passengers and light carriers of property, as defined
243 in Section 27-51-101, shall be taxed an additional two percent
244 (2%).

245 (3) A manufacturer selling at retail in this state shall be
246 required to make returns of the gross proceeds of such sales and
247 pay the tax imposed in this section.

248 **SECTION 3.** Section 27-65-19, Mississippi Code of 1972, is
249 amended as follows:

250 27-65-19. (1) (a) (i) Except as otherwise provided in
251 this subsection, upon every person selling to consumers,



252 electricity, current, power, potable water, steam, coal, natural
253 gas, liquefied petroleum gas or other fuel, there is hereby
254 levied, assessed and shall be collected a tax equal to seven
255 percent (7%) of the gross income of the business. Provided, gross
256 income from sales to consumers of electricity, current, power,
257 natural gas, liquefied petroleum gas or other fuel for residential
258 heating, lighting or other residential noncommercial or
259 nonagricultural use, and sales of potable water for residential,
260 noncommercial or nonagricultural use shall be excluded from
261 taxable gross income of the business. Provided further, upon
262 every such seller using electricity, current, power, potable
263 water, steam, coal, natural gas, liquefied petroleum gas or other
264 fuel for nonindustrial purposes, there is hereby levied, assessed
265 and shall be collected a tax equal to seven percent (7%) of the
266 cost or value of the product or service used.

267 (ii) Gross income from retail sales of motor fuels
268 that are not exempt under Section 27-65-111(n) shall be taxed at
269 the rate of four percent (4%).

270 (* * * iii) Gross income from sales to a church
271 that is exempt from federal income taxation under 26 USCS Section
272 501(c) (3) of electricity, current, power, natural gas, liquefied
273 petroleum gas or other fuel for heating, lighting or other use,
274 and sales of potable water to such a church shall be excluded from
275 taxable gross income of the business if the electricity, current,
276 power, natural gas, liquefied petroleum gas or potable water is



277 utilized on property that is primarily used for religious or
278 educational purposes.

279 (b) (i) There is hereby levied, assessed and shall be
280 collected a tax equal to one and one-half percent (1-1/2%) of the
281 gross income of the business from the sale of naturally occurring
282 carbon dioxide and anthropogenic carbon dioxide lawfully injected
283 into the earth for:

284 1. Use in an enhanced oil recovery project,
285 including, but not limited to, use for cycling, repressuring or
286 lifting of oil; or

287 2. Permanent sequestration in a geological
288 formation.

289 (ii) The one and one-half percent (1-1/2%) rate
290 provided for in this subsection shall apply to electricity,
291 current, power, steam, coal, natural gas, liquefied petroleum gas
292 or other fuel that is sold to a producer of oil and gas for use
293 directly in enhanced oil recovery using carbon dioxide and/or the
294 permanent sequestration of carbon dioxide in a geological
295 formation.

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

300 (d) (i) Upon every person providing services in this
301 state, there is hereby levied, assessed and shall be collected:



302 1. A tax equal to seven percent (7%) of the
303 gross income received from all charges for intrastate
304 telecommunications services.

305 2. A tax equal to seven percent (7%) of the
306 gross income received from all charges for interstate
307 telecommunications services.

308 3. A tax equal to seven percent (7%) of the
309 gross income received from all charges for international
310 telecommunications services.

311 4. A tax equal to seven percent (7%) of the
312 gross income received from all charges for ancillary services.

313 Sales of computer software, computer software services,
314 specified digital products, or other products delivered
315 electronically, including, but not limited to, music, games,
316 reading materials or ring tones, shall be taxed as provided in
317 other sections of this chapter.

318 (ii) A person, upon proof that he has paid a tax
319 in another state on an event described in subparagraph (i) of this
320 paragraph (d), shall be allowed a credit against the tax imposed
321 in this paragraph (d) on interstate telecommunications service
322 charges to the extent that the amount of such tax is properly due
323 and actually paid in such other state and to the extent that the
324 rate of sales tax imposed by and paid in such other state does not
325 exceed the rate of sales tax imposed by this paragraph (d).



326 (iii) Charges by one (1) telecommunications
327 provider to another telecommunications provider holding a permit
328 issued under Section 27-65-27 for services that are resold by such
329 other telecommunications provider, including, but not limited to,
330 access charges, shall not be subject to the tax levied pursuant to
331 this paragraph (d).

332 (iv) For purposes of this paragraph (d):

333 1. "Telecommunications service" means the
334 electronic transmission, conveyance or routing of voice, data,
335 audio, video or any other information or signals to a point, or
336 between points. The term "telecommunications service" includes
337 such transmission, conveyance or routing in which computer
338 processing applications are used to act on the form, code or
339 protocol of the content for purposes of transmission, conveyance
340 or routing without regard to whether such service is referred to
341 as Voice over Internet Protocol services or is classified by the
342 Federal Communications Commission as enhanced or value added. The
343 term "telecommunications service" shall not include:

344 a. Data processing and information
345 services that allow data to be generated, acquired, stored,
346 processed or retrieved and delivered by an electronic transmission
347 to a purchaser where such purchaser's primary purpose for the
348 underlying transaction is the processed data or information;

349 b. Installation or maintenance of wiring
350 or equipment on a customer's premises;



351 c. Tangible personal property;
352 d. Advertising, including, but not
353 limited to, directory advertising;
354 e. Billing and collection services
355 provided to third parties;
356 f. Internet access service;
357 g. Radio and television audio and video
358 programming services regardless of the medium, including the
359 furnishing of transmission, conveyance and routing of such
360 services by the programming service provider. Radio and
361 television audio and video programming services shall include, but
362 not be limited to, cable service as defined in 47 USCS 522(6) and
363 audio and video programming services delivered by commercial
364 mobile radio service providers, as defined in 47 CFR 20.3;
365 h. Ancillary services; or
366 i. Digital products delivered
367 electronically, including, but not limited to, computer software,
368 computer software services, electronically stored or maintained
369 data, music, video, reading materials, specified digital products,
370 or ring tones.

371 2. "Ancillary services" means services that
372 are associated with or incidental to the provision of
373 telecommunications services, including, but not limited to,
374 detailed telecommunications billing, directory assistance,
375 vertical service and voice mail service.



376 a. "Conference bridging" means an
377 ancillary service that links two (2) or more participants of an
378 audio or video conference call and may include the provision of a
379 telephone number. Conference bridging does not include the
380 telecommunications services used to reach the conference bridge.

381 b. "Detailed telecommunications billing
382 service" means an ancillary service of separately stating
383 information pertaining to individual calls on a customer's billing
384 statement.

385 c. "Directory assistance" means an
386 ancillary service of providing telephone number information and/or
387 address information.

388 d. "Vertical service" means an ancillary
389 service that is offered in connection with one or more
390 telecommunications services, which offers advanced calling
391 features that allow customers to identify callers and to manage
392 multiple calls and call connections, including conference bridging
393 services.

394 e. "Voice mail service" means an
395 ancillary service that enables the customer to store, send or
396 receive recorded messages. Voice mail service does not include
397 any vertical services that the customer may be required to have in
398 order to utilize the voice mail service.

399 3. "Intrastate" means telecommunications
400 service that originates in one (1) United States state or United



401 States territory or possession, and terminates in the same United
402 States state or United States territory or possession.

403 4. "Interstate" means a telecommunications
404 service that originates in one (1) United States state or United
405 States territory or possession, and terminates in a different
406 United States state or United States territory or possession.

407 5. "International" means a telecommunications
408 service that originates or terminates in the United States and
409 terminates or originates outside the United States, respectively.

410 (v) For purposes of paragraph (d), the following
411 sourcing rules shall apply:

412 1. Except for the defined telecommunications
413 services in item 3 of this subparagraph, the sales of
414 telecommunications services sold on a call-by-call basis shall be
415 sourced to:

416 a. Each level of taxing jurisdiction
417 where the call originates and terminates in that jurisdiction, or

418 b. Each level of taxing jurisdiction
419 where the call either originates or terminates and in which the
420 service address is also located.

421 2. Except for the defined telecommunications
422 services in item 3 of this subparagraph, a sale of
423 telecommunications services sold on a basis other than a
424 call-by-call basis, is sourced to the customer's place of primary
425 use.



426 3. The sale of the following
427 telecommunications services shall be sourced to each level of
428 taxing jurisdiction as follows:

429 a. A sale of mobile telecommunications
430 services other than air-to-ground radiotelephone service and
431 prepaid calling service is sourced to the customer's place of
432 primary use as required by the Mobile Telecommunication Sourcing
433 Act.

434 A. A home service provider shall be
435 responsible for obtaining and maintaining the customer's place of
436 primary use. The home service provider shall be entitled to rely
437 on the applicable residential or business street address supplied
438 by such customer, if the home service provider's reliance is in
439 good faith; and the home service provider shall be held harmless
440 from liability for any additional taxes based on a different
441 determination of the place of primary use for taxes that are
442 customarily passed on to the customer as a separate itemized
443 charge. A home service provider shall be allowed to treat the
444 address used for purposes of the tax levied by this chapter for
445 any customer under a service contract in effect on August 1, 2002,
446 as that customer's place of primary use for the remaining term of
447 such service contract or agreement, excluding any extension or
448 renewal of such service contract or agreement. Month-to-month
449 services provided after the expiration of a contract shall be
450 treated as an extension or renewal of such contract or agreement.



451 B. If the commissioner determines
452 that the address used by a home service provider as a customer's
453 place of primary use does not meet the definition of the term
454 "place of primary use" as defined in subitem a.A. of this item 3,
455 the commissioner shall give binding notice to the home service
456 provider to change the place of primary use on a prospective basis
457 from the date of notice of determination; however, the customer
458 shall have the opportunity, prior to such notice of determination,
459 to demonstrate that such address satisfies the definition.

460 C. The department has the right to
461 collect any taxes due directly from the home service provider's
462 customer that has failed to provide an address that meets the
463 definition of the term "place of primary use" which resulted in a
464 failure of tax otherwise due being remitted.

465 b. A sale of postpaid calling service is
466 sourced to the origination point of the telecommunications signal
467 as first identified by either:

468 A. The seller's telecommunications
469 system; or

470 B. Information received by the
471 seller from its service provider, where the system used to
472 transport such signals is not that of the seller.

473 c. A sale of a prepaid calling service
474 or prepaid wireless calling service shall be subject to the tax
475 imposed by this paragraph if the sale takes place in this state.



476 If the customer physically purchases a prepaid calling service or
477 prepaid wireless calling service at the vendor's place of
478 business, the sale is deemed to take place at the vendor's place
479 of business. If the customer does not physically purchase the
480 service at the vendor's place of business, the sale of a prepaid
481 calling card or prepaid wireless calling card is deemed to take
482 place at the first of the following locations that applies to the
483 sale:

484 A. The customer's shipping address,
485 if the sale involves a shipment;

486 B. The customer's billing address;

487 C. Any other address of the
488 customer that is known by the vendor; or

489 D. The address of the vendor, or
490 alternatively, in the case of a prepaid wireless calling service,
491 the location associated with the mobile telephone number.

492 4. A sale of a private communication service
493 is sourced as follows:

494 a. Service for a separate charge related
495 to a customer channel termination point is sourced to each level
496 of jurisdiction in which such customer channel termination point
497 is located.

498 b. Service where all customer
499 termination points are located entirely within one (1)
500 jurisdiction or levels of jurisdiction is sourced in such



501 jurisdiction in which the customer channel termination points are
502 located.

503 c. Service for segments of a channel
504 between two (2) customer channel termination points located in
505 different jurisdictions and which segments of a channel are
506 separately charged is sourced fifty percent (50%) in each level of
507 jurisdiction in which the customer channel termination points are
508 located.

509 d. Service for segments of a channel
510 located in more than one (1) jurisdiction or levels of
511 jurisdiction and which segments are not separately billed is
512 sourced in each jurisdiction based on the percentage determined by
513 dividing the number of customer channel termination points in such
514 jurisdiction by the total number of customer channel termination
515 points.

516 5. A sale of ancillary services is sourced to
517 the customer's place of primary use.

518 (vi) For purposes of subparagraph (v) of this
519 paragraph (d):

520 1. "Air-to-ground radiotelephone service"
521 means a radio service, as that term is defined in 47 CFR 22.99, in
522 which common carriers are authorized to offer and provide radio
523 telecommunications service for hire to subscribers in aircraft.



524 2. "Call-by-call basis" means any method of
525 charging for telecommunications services where the price is
526 measured by individual calls.

527 3. "Communications channel" means a physical
528 or virtual path of communications over which signals are
529 transmitted between or among customer channel termination points.

530 4. "Customer" means the person or entity that
531 contracts with the seller of telecommunications services. If the
532 end user of telecommunications services is not the contracting
533 party, the end user of the telecommunications service is the
534 customer of the telecommunications service. Customer does not
535 include a reseller of telecommunications service or for mobile
536 telecommunications service of a serving carrier under an agreement
537 to serve the customer outside the home service provider's licensed
538 service area.

539 5. "Customer channel termination point" means
540 the location where the customer either inputs or receives the
541 communications.

542 6. "End user" means the person who utilizes
543 the telecommunications service. In the case of an entity, "end
544 user" means the individual who utilizes the service on behalf of
545 the entity.

546 7. "Home service provider" has the meaning
547 ascribed to such term in Section 124(5) of Public Law 106-252
548 (Mobile Telecommunications Sourcing Act).



549 8. "Mobile telecommunications service" has
550 the meaning ascribed to such term in Section 124(7) of Public Law
551 106-252 (Mobile Telecommunications Sourcing Act).

552 9. "Place of primary use" means the street
553 address representative of where the customer's use of the
554 telecommunications service primarily occurs, which must be the
555 residential street address or the primary business street address
556 of the customer. In the case of mobile telecommunications
557 services, the place of primary use must be within the licensed
558 service area of the home service provider.

559 10. "Post-paid calling service" means the
560 telecommunications service obtained by making a payment on a
561 call-by-call basis either through the use of a credit card or
562 payment mechanism such as a bank card, travel card, credit card or
563 debit card, or by charge made to a telephone number which is not
564 associated with the origination or termination of the
565 telecommunications service. A post-paid calling service includes
566 a telecommunications service, except a prepaid wireless calling
567 service that would be a prepaid calling service except it is not
568 exclusively a telecommunications service.

569 11. "Prepaid calling service" means the right
570 to access exclusively telecommunications services, which must be
571 paid for in advance and which enables the origination of calls
572 using an access number or authorization code, whether manually or



573 electronically dialed, and that is sold in predetermined units or
574 dollars of which the number declines with use in a known amount.

575 12. "Prepaid wireless calling service" means
576 a telecommunications service that provides the right to utilize
577 mobile wireless service as well as other nontelecommunications
578 services, including the download of digital products delivered
579 electronically, content and ancillary service, which must be paid
580 for in advance that is sold in predetermined units or dollars of
581 which the number declines with use in a known amount.

582 13. "Private communication service" means a
583 telecommunications service that entitles the customer to exclusive
584 or priority use of a communications channel or group of channels
585 between or among termination points, regardless of the manner in
586 which such channel or channels are connected, and includes
587 switching capacity, extension lines, stations and any other
588 associated services that are provided in connection with the use
589 of such channel or channels.

590 14. "Service address" means:

591 a. The location of the
592 telecommunications equipment to which a customer's call is charged
593 and from which the call originates or terminates, regardless of
594 where the call is billed or paid.

595 b. If the location in subitem a of this
596 item 14 is not known, the origination point of the signal of the
597 telecommunications services first identified by either the



598 seller's telecommunications system or in information received by
599 the seller from its service provider, where the system used to
600 transport such signals is not that of the seller.

601 c. If the location in subitems a and b
602 of this item 14 are not known, the location of the customer's
603 place of primary use.

604 (vii) 1. For purposes of this subparagraph (vii),
605 "bundled transaction" means a transaction that consists of
606 distinct and identifiable properties or services which are sold
607 for a single nonitemized price but which are treated differently
608 for tax purposes.

609 2. In the case of a bundled transaction that
610 includes telecommunications services, ancillary services, internet
611 access, or audio or video programming services taxed under this
612 chapter in which the price of the bundled transaction is
613 attributable to properties or services that are taxable and
614 nontaxable, the portion of the price that is attributable to any
615 nontaxable property or service shall be subject to the tax unless
616 the provider can reasonably identify that portion from its books
617 and records kept in the regular course of business.

618 3. In the case of a bundled transaction that
619 includes telecommunications services, ancillary services, internet
620 access, audio or video programming services subject to tax under
621 this chapter in which the price is attributable to properties or
622 services that are subject to the tax but the tax revenue from the



623 different properties or services are dedicated to different funds
624 or purposes, the provider shall allocate the price among the
625 properties or services:

626 a. By reasonably identifying the portion
627 of the price attributable to each of the properties and services
628 from its books and records kept in the regular course of business;
629 or

630 b. Based on a reasonable allocation
631 methodology approved by the department.

632 4. This subparagraph (vii) shall not create a
633 right of action for a customer to require that the provider or the
634 department, for purposes of determining the amount of tax
635 applicable to a bundled transaction, allocate the price to the
636 different portions of the transaction in order to minimize the
637 amount of tax charged to the customer. A customer shall not be
638 entitled to rely on the fact that a portion of the price is
639 attributable to properties or services not subject to tax unless
640 the provider elects, after receiving a written request from the
641 customer in the form required by the provider, to provide
642 verifiable data based upon the provider's books and records that
643 are kept in the regular course of business that reasonably
644 identifies the portion of the price attributable to the properties
645 or services not subject to the tax.

646 (2) Persons making sales to consumers of electricity,
647 current, power, natural gas, liquefied petroleum gas or other fuel



648 for residential heating, lighting or other residential
649 noncommercial or nonagricultural use or sales of potable water for
650 residential, noncommercial or nonagricultural use shall indicate
651 on each statement rendered to customers that such charges are
652 exempt from sales taxes.

653 (3) There is hereby levied, assessed and shall be paid on
654 transportation charges on shipments moving between points within
655 this state when paid directly by the consumer, a tax equal to the
656 rate applicable to the sale of the property being transported.
657 Such tax shall be reported and paid directly to the Department of
658 Revenue by the consumer.

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

661 27-65-75. On or before the fifteenth day of each month, the
662 revenue collected under the provisions of this chapter during the
663 preceding month shall be paid and distributed as follows:

664 (1) (a) On or before August 15, 1992, and each succeeding
665 month thereafter through July 15, 1993, eighteen percent (18%) of
666 the total sales tax revenue collected during the preceding month
667 under the provisions of this chapter, except that collected under
668 the provisions of Sections 27-65-15, 27-65-19(3) and 27-65-21, on
669 business activities within a municipal corporation shall be
670 allocated for distribution to the municipality and paid to the
671 municipal corporation. Except as otherwise provided in this
672 paragraph (a), on or before August 15, 1993, and each succeeding



673 month thereafter through August 15, 2024, eighteen and one-half
674 percent (18-1/2%) of the total sales tax revenue collected during
675 the preceding month under the provisions of this chapter, except
676 that collected under the provisions of Sections 27-65-15,
677 27-65-19(3), 27-65-21 and 27-65-24, on business activities within
678 a municipal corporation shall be allocated for distribution to the
679 municipality and paid to the municipal corporation. Except as
680 otherwise provided in this paragraph (a), on or before September
681 15, 2024, and each succeeding month thereafter, eighteen and
682 one-half percent (18-1/2%) of the total sales tax revenue
683 collected during the preceding month under the provisions of this
684 chapter, except (i) that collected under the provisions of
685 Sections 27-65-15, 27-65-17(1)(m), 27-65-19 (1)(a)(ii) and (3),
686 27-65-21 and 27-65-24, on business activities within a municipal
687 corporation and (ii) that collected on business activities within
688 a municipal corporation which are taxed at a rate of seven percent
689 (7%) under the provisions of this chapter, shall be allocated for
690 distribution to the municipality and paid to the municipal
691 corporation. However, in the event the State Auditor issues a
692 certificate of noncompliance pursuant to Section 21-35-31, the
693 Department of Revenue shall withhold ten percent (10%) of the
694 allocations and payments to the municipality that would otherwise
695 be payable to the municipality under this paragraph (a) until such
696 time that the department receives written notice of the



697 cancellation of a certificate of noncompliance from the State
698 Auditor.

699 A municipal corporation, for the purpose of distributing the
700 tax under this subsection, shall mean and include all incorporated
701 cities, towns and villages.

702 Monies allocated for distribution and credited to a municipal
703 corporation under this paragraph may be pledged as security for a
704 loan if the distribution received by the municipal corporation is
705 otherwise authorized or required by law to be pledged as security
706 for such a loan.

707 In any county having a county seat that is not an
708 incorporated municipality, the distribution provided under this
709 subsection shall be made as though the county seat was an
710 incorporated municipality; however, the distribution to the
711 municipality shall be paid to the county treasury in which the
712 municipality is located, and those funds shall be used for road,
713 bridge and street construction or maintenance in the county.

714 (b) On or before August 15, 2006, and each succeeding
715 month thereafter through August 15, 2024, eighteen and one-half
716 percent (18-1/2%) of the total sales tax revenue collected during
717 the preceding month under the provisions of this chapter, except
718 that collected under the provisions of Sections 27-65-15,
719 27-65-19(3) and 27-65-21, on business activities on the campus of
720 a state institution of higher learning or community or junior
721 college whose campus is not located within the corporate limits of



722 a municipality, shall be allocated for distribution to the state
723 institution of higher learning or community or junior college and
724 paid to the state institution of higher learning or community or
725 junior college. On or before September 15, 2024, and each
726 succeeding month thereafter, eighteen and one-half percent
727 (18-1/2%) of the total sales tax revenue collected during the
728 preceding month under the provisions of this chapter, except that
729 collected under the provisions of Sections 27-65-15,
730 27-65-17(1) (m), 27-65-19(1) (a) (ii) and (3) and 27-65-21, on
731 business activities on the campus of a state institution of higher
732 learning or community or junior college whose campus is not
733 located within the corporate limits of a municipality, shall be
734 allocated for distribution to the state institution of higher
735 learning or community or junior college and paid to the state
736 institution of higher learning or community or junior college. On
737 or before September 15, 2024, and each succeeding month
738 thereafter, thirty-seven percent (37%) of the total sales tax
739 revenue collected during the preceding month under the provisions
740 of Section 27-65-17(1) (m) on business activities on the campus of
741 a state institution of higher learning or community or junior
742 college whose campus is not located within the corporate limits of
743 a municipality, shall be allocated for distribution to the state
744 institution of higher learning or community or junior college and
745 paid to the state institution of higher learning or community or
746 junior college.



747 (c) On or before August 15, 2018, and each succeeding
748 month thereafter until August 14, 2019, two percent (2%) of the
749 total sales tax revenue collected during the preceding month under
750 the provisions of this chapter, except that collected under the
751 provisions of Sections 27-65-15, 27-65-19(3), 27-65-21 and
752 27-65-24, on business activities within the corporate limits of
753 the City of Jackson, Mississippi, shall be deposited into the
754 Capitol Complex Improvement District Project Fund created in
755 Section 29-5-215. On or before August 15, 2019, and each
756 succeeding month thereafter until August 14, 2020, four percent
757 (4%) of the total sales tax revenue collected during the preceding
758 month under the provisions of this chapter, except that collected
759 under the provisions of Sections 27-65-15, 27-65-19(3), 27-65-21
760 and 27-65-24, on business activities within the corporate limits
761 of the City of Jackson, Mississippi, shall be deposited into the
762 Capitol Complex Improvement District Project Fund created in
763 Section 29-5-215. On or before August 15, 2020, and each
764 succeeding month thereafter through July 15, 2023, six percent
765 (6%) of the total sales tax revenue collected during the preceding
766 month under the provisions of this chapter, except that collected
767 under the provisions of Sections 27-65-15, 27-65-19(3), 27-65-21
768 and 27-65-24, on business activities within the corporate limits
769 of the City of Jackson, Mississippi, shall be deposited into the
770 Capitol Complex Improvement District Project Fund created in
771 Section 29-5-215. On or before August 15, 2023, and each



772 succeeding month thereafter through August 15, 2024, nine percent
773 (9%) of the total sales tax revenue collected during the preceding
774 month under the provisions of this chapter, except that collected
775 under the provisions of Sections 27-65-15, 27-65-19(3), 27-65-21
776 and 27-65-24, on business activities within the corporate limits
777 of the City of Jackson, Mississippi, shall be deposited into the
778 Capitol Complex Improvement District Project Fund created in
779 Section 29-5-215. On or before September 15, 2024, and each
780 succeeding month thereafter, nine percent (9%) of the total sales
781 tax revenue collected during the preceding month under the
782 provisions of this chapter, except that collected under the
783 provisions of Sections 27-65-15, 27-65-17(1)(m),
784 27-65-19(1)(a)(ii) and (3), 27-65-21 and 27-65-24, on business
785 activities within the corporate limits of the City of Jackson,
786 Mississippi, shall be deposited into the Capitol Complex
787 Improvement District Project Fund created in Section 29-5-215. On
788 or before September 15, 2024, and each succeeding month
789 thereafter, eighteen percent (18%) of the total sales tax revenue
790 collected during the preceding month under the provisions of
791 Section 27-65-17(1)(m) on business activities within the corporate
792 limits of the City of Jackson, Mississippi, shall be deposited
793 into the Capitol Complex Improvement District Project Fund created
794 in Section 29-5-215.

795 (d) (i) On or before the fifteenth day of the month
796 that the diversion authorized by this section begins, and each



797 succeeding month thereafter, eighteen and one-half percent
798 (18-1/2%) of the total sales tax revenue collected during the
799 preceding month under the provisions of this chapter, except that
800 collected under the provisions of Sections 27-65-15, 27-65-19(3)
801 and 27-65-21, on business activities within a redevelopment
802 project area developed under a redevelopment plan adopted under
803 the Tax Increment Financing Act (Section 21-45-1 et seq.) shall be
804 allocated for distribution to the county in which the project area
805 is located if:

806 1. The county:

807 a. Borders on the Mississippi Sound and
808 the State of Alabama, or

809 b. Is Harrison County, Mississippi, and
810 the project area is within a radius of two (2) miles from the
811 intersection of Interstate 10 and Menge Avenue;

812 2. The county has issued bonds under Section
813 21-45-9 to finance all or a portion of a redevelopment project in
814 the redevelopment project area;

815 3. Any debt service for the indebtedness
816 incurred is outstanding; and

817 4. A development with a value of Ten Million
818 Dollars (\$10,000,000.00) or more is, or will be, located in the
819 redevelopment area.

820 (ii) Before any sales tax revenue may be allocated
821 for distribution to a county under this paragraph, the county



822 shall certify to the Department of Revenue that the requirements
823 of this paragraph have been met, the amount of bonded indebtedness
824 that has been incurred by the county for the redevelopment project
825 and the expected date the indebtedness incurred by the county will
826 be satisfied.

827 (iii) The diversion of sales tax revenue
828 authorized by this paragraph shall begin the month following the
829 month in which the Department of Revenue determines that the
830 requirements of this paragraph have been met. The diversion shall
831 end the month the indebtedness incurred by the county is
832 satisfied. All revenue received by the county under this
833 paragraph shall be deposited in the fund required to be created in
834 the tax increment financing plan under Section 21-45-11 and be
835 utilized solely to satisfy the indebtedness incurred by the
836 county.

837 (2) On or before September 15, 1987, and each succeeding
838 month thereafter, from the revenue collected under this chapter
839 during the preceding month, One Million One Hundred Twenty-five
840 Thousand Dollars (\$1,125,000.00) shall be allocated for
841 distribution to municipal corporations as defined under subsection
842 (1) of this section in the proportion that the number of gallons
843 of gasoline and diesel fuel sold by distributors to consumers and
844 retailers in each such municipality during the preceding fiscal
845 year bears to the total gallons of gasoline and diesel fuel sold
846 by distributors to consumers and retailers in municipalities



847 statewide during the preceding fiscal year. The Department of
848 Revenue shall require all distributors of gasoline and diesel fuel
849 to report to the department monthly the total number of gallons of
850 gasoline and diesel fuel sold by them to consumers and retailers
851 in each municipality during the preceding month. The Department
852 of Revenue shall have the authority to promulgate such rules and
853 regulations as is necessary to determine the number of gallons of
854 gasoline and diesel fuel sold by distributors to consumers and
855 retailers in each municipality. In determining the percentage
856 allocation of funds under this subsection for the fiscal year
857 beginning July 1, 1987, and ending June 30, 1988, the Department
858 of Revenue may consider gallons of gasoline and diesel fuel sold
859 for a period of less than one (1) fiscal year. For the purposes
860 of this subsection, the term "fiscal year" means the fiscal year
861 beginning July 1 of a year.

862 (3) On or before September 15, 1987, and on or before the
863 fifteenth day of each succeeding month, until the date specified
864 in Section 65-39-35, the proceeds derived from contractors' taxes
865 levied under Section 27-65-21 on contracts for the construction or
866 reconstruction of highways designated under the highway program
867 created under Section 65-3-97 shall, except as otherwise provided
868 in Section 31-17-127, be deposited into the State Treasury to the
869 credit of the State Highway Fund to be used to fund that highway
870 program. The Mississippi Department of Transportation shall
871 provide to the Department of Revenue such information as is



872 necessary to determine the amount of proceeds to be distributed
873 under this subsection.

874 (4) On or before August 15, 1994, and on or before the
875 fifteenth day of each succeeding month through July 15, 1999, from
876 the proceeds of gasoline, diesel fuel or kerosene taxes as
877 provided in Section 27-5-101(a)(ii)1, Four Million Dollars
878 (\$4,000,000.00) shall be deposited in the State Treasury to the
879 credit of a special fund designated as the "State Aid Road Fund,"
880 created by Section 65-9-17. On or before August 15, 1999, and on
881 or before the fifteenth day of each succeeding month, from the
882 total amount of the proceeds of gasoline, diesel fuel or kerosene
883 taxes apportioned by Section 27-5-101(a)(ii)1, Four Million
884 Dollars (\$4,000,000.00) or an amount equal to twenty-three and
885 one-fourth percent (23-1/4%) of those funds, whichever is the
886 greater amount, shall be deposited in the State Treasury to the
887 credit of the "State Aid Road Fund," created by Section 65-9-17.
888 Those funds shall be pledged to pay the principal of and interest
889 on state aid road bonds heretofore issued under Sections 19-9-51
890 through 19-9-77, in lieu of and in substitution for the funds
891 previously allocated to counties under this section. Those funds
892 may not be pledged for the payment of any state aid road bonds
893 issued after April 1, 1981; however, this prohibition against the
894 pledging of any such funds for the payment of bonds shall not
895 apply to any bonds for which intent to issue those bonds has been
896 published for the first time, as provided by law before March 29,



897 1981. From the amount of taxes paid into the special fund under
898 this subsection and subsection (9) of this section, there shall be
899 first deducted and paid the amount necessary to pay the expenses
900 of the Office of State Aid Road Construction, as authorized by the
901 Legislature for all other general and special fund agencies. The
902 remainder of the fund shall be allocated monthly to the several
903 counties in accordance with the following formula:

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

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

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

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

917 The amount of funds allocated to any county under this
918 subsection for any fiscal year after fiscal year 1994 shall not be
919 less than the amount allocated to the county for fiscal year 1994.

920 Any reference in the general laws of this state or the
921 Mississippi Code of 1972 to Section 27-5-105 shall mean and be



922 construed to refer and apply to subsection (4) of Section
923 27-65-75.

924 (5) One Million Six Hundred Sixty-six Thousand Six Hundred
925 Sixty-six Dollars (\$1,666,666.00) each month shall be paid into
926 the special fund known as the "Educational Facilities Revolving
927 Loan Fund" created and existing under the provisions of Section
928 37-47-24. Those payments into that fund are to be made on the
929 last day of each succeeding month hereafter. This subsection (5)
930 shall stand repealed on July 1, 2026.

931 (6) An amount each month beginning August 15, 1983, through
932 November 15, 1986, as specified in Section 6, Chapter 542, Laws of
933 1983, shall be paid into the special fund known as the
934 Correctional Facilities Construction Fund created in Section 6,
935 Chapter 542, Laws of 1983.

936 (7) On or before August 15, 1992, and each succeeding month
937 thereafter through July 15, 2000, two and two hundred sixty-six
938 one-thousandths percent (2.266%) of the total sales tax revenue
939 collected during the preceding month under the provisions of this
940 chapter, except that collected under the provisions of Section
941 27-65-17(2), shall be deposited by the department into the School
942 Ad Valorem Tax Reduction Fund created under Section 37-61-35. On
943 or before August 15, 2000, and each succeeding month thereafter
944 through August 15, 2024, two and two hundred sixty-six
945 one-thousandths percent (2.266%) of the total sales tax revenue
946 collected during the preceding month under the provisions of this



947 chapter, except that collected under the provisions of Section
948 27-65-17(2), shall be deposited into the School Ad Valorem Tax
949 Reduction Fund created under Section 37-61-35 until such time that
950 the total amount deposited into the fund during a fiscal year
951 equals Forty-two Million Dollars (\$42,000,000.00). Thereafter,
952 the amounts diverted under this subsection (7) during the fiscal
953 year in excess of Forty-two Million Dollars (\$42,000,000.00) shall
954 be deposited into the Education Enhancement Fund created under
955 Section 37-61-33 for appropriation by the Legislature as other
956 education needs and shall not be subject to the percentage
957 appropriation requirements set forth in Section 37-61-33. On or
958 before September 15, 2024, and each succeeding month thereafter,
959 two and two hundred sixty-six one-thousandths percent (2.266%) of
960 the total sales tax revenue collected during the preceding month
961 under the provisions of this chapter, except that collected under
962 the provisions of Sections 27-65-17(1)(m) and (2) and
963 27-65-19(1)(a)(ii), and four and five hundred thirty-two
964 one-thousandths percent (4.532%) of the total sales tax revenue
965 collected during the preceding month under the provisions of
966 Section 27-65-17(1)(m) shall be deposited into the School Ad
967 Valorem Tax Reduction Fund created under Section 37-61-35 until
968 such time that the total amount deposited into the fund during a
969 fiscal year equals Forty-two Million Dollars (\$42,000,000.00).
970 Thereafter, the amounts diverted under this subsection (7) during
971 the fiscal year in excess of Forty-two Million Dollars



972 (\$42,000,000.00) shall be deposited into the Education Enhancement
973 Fund created under Section 37-61-33 for appropriation by the
974 Legislature as other education needs and shall not be subject to
975 the percentage appropriation requirements set forth in Section
976 37-61-33.

977 (8) On or before August 15, 1992, and each succeeding month
978 thereafter through August 15, 2024, nine and seventy-three
979 one-thousandths percent (9.073%) of the total sales tax revenue
980 collected during the preceding month under the provisions of this
981 chapter, except that collected under the provisions of Section
982 27-65-17(2), shall be deposited into the Education Enhancement
983 Fund created under Section 37-61-33. On or before September 15,
984 2024, and each succeeding month thereafter, nine and seventy-three
985 one-thousandths percent (9.073%) of the total sales tax revenue
986 collected during the preceding month under the provisions of this
987 chapter, except that collected under the provisions of Sections
988 27-65-17(1) (m) and (2) and 27-65-19(1) (a) (ii), shall be deposited
989 into the Education Enhancement Fund created under Section
990 37-61-33. On or before September 15, 2024, and each succeeding
991 month thereafter, eighteen and one hundred forty-six
992 one-thousandths percent (18.146%) of the total sales tax revenue
993 collected during the preceding month under the provisions of
994 Section 27-65-17(1) (m) shall be deposited into the Education
995 Enhancement Fund created under Section 37-61-33.



996 (9) On or before August 15, 1994, and each succeeding month
997 thereafter, from the revenue collected under this chapter during
998 the preceding month, Two Hundred Fifty Thousand Dollars
999 (\$250,000.00) shall be paid into the State Aid Road Fund.

1000 (10) On or before August 15, 1994, and each succeeding month
1001 thereafter through August 15, 1995, from the revenue collected
1002 under this chapter during the preceding month, Two Million Dollars
1003 (\$2,000,000.00) shall be deposited into the Motor Vehicle Ad
1004 Valorem Tax Reduction Fund established in Section 27-51-105.

1005 (11) Notwithstanding any other provision of this section to
1006 the contrary, on or before February 15, 1995, and each succeeding
1007 month thereafter, the sales tax revenue collected during the
1008 preceding month under the provisions of Section 27-65-17(2) and
1009 the corresponding levy in Section 27-65-23 on the rental or lease
1010 of private carriers of passengers and light carriers of property
1011 as defined in Section 27-51-101 shall be deposited, without
1012 diversion, into the Motor Vehicle Ad Valorem Tax Reduction Fund
1013 established in Section 27-51-105.

1014 (12) Notwithstanding any other provision of this section to
1015 the contrary, on or before August 15, 1995, and each succeeding
1016 month thereafter, the sales tax revenue collected during the
1017 preceding month under the provisions of Section 27-65-17(1) on
1018 retail sales of private carriers of passengers and light carriers
1019 of property, as defined in Section 27-51-101 and the corresponding
1020 levy in Section 27-65-23 on the rental or lease of these vehicles,



1021 shall be deposited, after diversion, into the Motor Vehicle Ad
1022 Valorem Tax Reduction Fund established in Section 27-51-105.

1023 (13) On or before July 15, 1994, and on or before the
1024 fifteenth day of each succeeding month thereafter, that portion of
1025 the avails of the tax imposed in Section 27-65-22 that is derived
1026 from activities held on the Mississippi State Fairgrounds Complex
1027 shall be paid into a special fund that is created in the State
1028 Treasury and shall be expended upon legislative appropriation
1029 solely to defray the costs of repairs and renovation at the Trade
1030 Mart and Coliseum.

1031 (14) On or before August 15, 1998, and each succeeding month
1032 thereafter through July 15, 2005, that portion of the avails of
1033 the tax imposed in Section 27-65-23 that is derived from sales by
1034 cotton compresses or cotton warehouses and that would otherwise be
1035 paid into the General Fund shall be deposited in an amount not to
1036 exceed Two Million Dollars (\$2,000,000.00) into the special fund
1037 created under Section 69-37-39. On or before August 15, 2007, and
1038 each succeeding month thereafter through July 15, 2010, that
1039 portion of the avails of the tax imposed in Section 27-65-23 that
1040 is derived from sales by cotton compresses or cotton warehouses
1041 and that would otherwise be paid into the General Fund shall be
1042 deposited in an amount not to exceed Two Million Dollars
1043 (\$2,000,000.00) into the special fund created under Section
1044 69-37-39 until all debts or other obligations incurred by the
1045 Certified Cotton Growers Organization under the Mississippi Boll



1046 Weevil Management Act before January 1, 2007, are satisfied in
1047 full. On or before August 15, 2010, and each succeeding month
1048 thereafter through July 15, 2011, fifty percent (50%) of that
1049 portion of the avails of the tax imposed in Section 27-65-23 that
1050 is derived from sales by cotton compresses or cotton warehouses
1051 and that would otherwise be paid into the General Fund shall be
1052 deposited into the special fund created under Section 69-37-39
1053 until such time that the total amount deposited into the fund
1054 during a fiscal year equals One Million Dollars (\$1,000,000.00).
1055 On or before August 15, 2011, and each succeeding month
1056 thereafter, that portion of the avails of the tax imposed in
1057 Section 27-65-23 that is derived from sales by cotton compresses
1058 or cotton warehouses and that would otherwise be paid into the
1059 General Fund shall be deposited into the special fund created
1060 under Section 69-37-39 until such time that the total amount
1061 deposited into the fund during a fiscal year equals One Million
1062 Dollars (\$1,000,000.00).

1063 (15) Notwithstanding any other provision of this section to
1064 the contrary, on or before September 15, 2000, and each succeeding
1065 month thereafter, the sales tax revenue collected during the
1066 preceding month under the provisions of Section
1067 27-65-19(1)(d)(i)2, and 27-65-19(1)(d)(i)3 shall be deposited,
1068 without diversion, into the Telecommunications Ad Valorem Tax
1069 Reduction Fund established in Section 27-38-7.



1070 (16) (a) On or before August 15, 2000, and each succeeding
1071 month thereafter, the sales tax revenue collected during the
1072 preceding month under the provisions of this chapter on the gross
1073 proceeds of sales of a project as defined in Section 57-30-1 shall
1074 be deposited, after all diversions except the diversion provided
1075 for in subsection (1) of this section, into the Sales Tax
1076 Incentive Fund created in Section 57-30-3.

1077 (b) On or before August 15, 2007, and each succeeding
1078 month thereafter, eighty percent (80%) of the sales tax revenue
1079 collected during the preceding month under the provisions of this
1080 chapter from the operation of a tourism project under the
1081 provisions of Sections 57-26-1 through 57-26-5, shall be
1082 deposited, after the diversions required in subsections (7) and
1083 (8) of this section, into the Tourism Project Sales Tax Incentive
1084 Fund created in Section 57-26-3.

1085 (17) Notwithstanding any other provision of this section to
1086 the contrary, on or before April 15, 2002, and each succeeding
1087 month thereafter, the sales tax revenue collected during the
1088 preceding month under Section 27-65-23 on sales of parking
1089 services of parking garages and lots at airports shall be
1090 deposited, without diversion, into the special fund created under
1091 Section 27-5-101(d).

1092 (18) [Repealed]

1093 (19) (a) On or before August 15, 2005, and each succeeding
1094 month thereafter, the sales tax revenue collected during the



1095 preceding month under the provisions of this chapter on the gross
1096 proceeds of sales of a business enterprise located within a
1097 redevelopment project area under the provisions of Sections
1098 57-91-1 through 57-91-11, and the revenue collected on the gross
1099 proceeds of sales from sales made to a business enterprise located
1100 in a redevelopment project area under the provisions of Sections
1101 57-91-1 through 57-91-11 (provided that such sales made to a
1102 business enterprise are made on the premises of the business
1103 enterprise), shall, except as otherwise provided in this
1104 subsection (19), be deposited, after all diversions, into the
1105 Redevelopment Project Incentive Fund as created in Section
1106 57-91-9.

1107 (b) For a municipality participating in the Economic
1108 Redevelopment Act created in Sections 57-91-1 through 57-91-11,
1109 the diversion provided for in subsection (1) of this section
1110 attributable to the gross proceeds of sales of a business
1111 enterprise located within a redevelopment project area under the
1112 provisions of Sections 57-91-1 through 57-91-11, and attributable
1113 to the gross proceeds of sales from sales made to a business
1114 enterprise located in a redevelopment project area under the
1115 provisions of Sections 57-91-1 through 57-91-11 (provided that
1116 such sales made to a business enterprise are made on the premises
1117 of the business enterprise), shall be deposited into the
1118 Redevelopment Project Incentive Fund as created in Section
1119 57-91-9, as follows:



1120 (i) For the first six (6) years in which payments
1121 are made to a developer from the Redevelopment Project Incentive
1122 Fund, one hundred percent (100%) of the diversion shall be
1123 deposited into the fund;

1124 (ii) For the seventh year in which such payments
1125 are made to a developer from the Redevelopment Project Incentive
1126 Fund, eighty percent (80%) of the diversion shall be deposited
1127 into the fund;

1128 (iii) For the eighth year in which such payments
1129 are made to a developer from the Redevelopment Project Incentive
1130 Fund, seventy percent (70%) of the diversion shall be deposited
1131 into the fund;

1132 (iv) For the ninth year in which such payments are
1133 made to a developer from the Redevelopment Project Incentive Fund,
1134 sixty percent (60%) of the diversion shall be deposited into the
1135 fund; and

1136 (v) For the tenth year in which such payments are
1137 made to a developer from the Redevelopment Project Incentive Fund,
1138 fifty percent (50%) of the funds shall be deposited into the fund.

1139 (20) On or before January 15, 2007, and each succeeding
1140 month thereafter, eighty percent (80%) of the sales tax revenue
1141 collected during the preceding month under the provisions of this
1142 chapter from the operation of a tourism project under the
1143 provisions of Sections 57-28-1 through 57-28-5 shall be deposited,
1144 after the diversions required in subsections (7) and (8) of this



1145 section, into the Tourism Sales Tax Incentive Fund created in
1146 Section 57-28-3.

1147 (21) (a) On or before April 15, 2007, and each succeeding
1148 month thereafter through June 15, 2013, One Hundred Fifty Thousand
1149 Dollars (\$150,000.00) of the sales tax revenue collected during
1150 the preceding month under the provisions of this chapter shall be
1151 deposited into the MMEIA Tax Incentive Fund created in Section
1152 57-101-3.

1153 (b) On or before July 15, 2013, and each succeeding
1154 month thereafter, One Hundred Fifty Thousand Dollars (\$150,000.00)
1155 of the sales tax revenue collected during the preceding month
1156 under the provisions of this chapter shall be deposited into the
1157 Mississippi Development Authority Job Training Grant Fund created
1158 in Section 57-1-451.

1159 (22) On or before June 1, 2024, and each succeeding month
1160 thereafter until December 31, 2057, an amount determined annually
1161 by the Mississippi Development Authority of the sales tax revenue
1162 collected during the preceding month under the provisions of this
1163 chapter shall be deposited into the MMEIA Tax Incentive Fund
1164 created in Section 18 of * * * Senate Bill No. 2001, 2024 Second
1165 Extraordinary Session. This amount shall be based on estimated
1166 payments due within the upcoming year to construction contractors
1167 pursuant to construction contracts subject to the tax imposed by
1168 Section 27-65-21 for construction to be performed on the project



1169 site of a project defined under Section 57-75-5(f) (xxxiii) for the
1170 coming year.

1171 (23) Notwithstanding any other provision of this section to
1172 the contrary, on or before August 15, 2009, and each succeeding
1173 month thereafter, the sales tax revenue collected during the
1174 preceding month under the provisions of Section 27-65-201 shall be
1175 deposited, without diversion, into the Motor Vehicle Ad Valorem
1176 Tax Reduction Fund established in Section 27-51-105.

1177 (24) (a) On or before August 15, 2019, and each month
1178 thereafter through July 15, 2020, one percent (1%) of the total
1179 sales tax revenue collected during the preceding month from
1180 restaurants and hotels shall be allocated for distribution to the
1181 Mississippi Development Authority Tourism Advertising Fund
1182 established under Section 57-1-64, to be used exclusively for the
1183 purpose stated therein. On or before August 15, 2020, and each
1184 month thereafter through July 15, 2021, two percent (2%) of the
1185 total sales tax revenue collected during the preceding month from
1186 restaurants and hotels shall be allocated for distribution to the
1187 Mississippi Development Authority Tourism Advertising Fund
1188 established under Section 57-1-64, to be used exclusively for the
1189 purpose stated therein. On or before August 15, 2021, and each
1190 month thereafter, three percent (3%) of the total sales tax
1191 revenue collected during the preceding month from restaurants and
1192 hotels shall be allocated for distribution to the Mississippi
1193 Development Authority Tourism Advertising Fund established under



1194 Section 57-1-64, to be used exclusively for the purpose stated
1195 therein. The revenue diverted pursuant to this subsection shall
1196 not be available for expenditure until February 1, 2020.

1197 (b) The Joint Legislative Committee on Performance
1198 Evaluation and Expenditure Review (PEER) must provide an annual
1199 report to the Legislature indicating the amount of funds deposited
1200 into the Mississippi Development Authority Tourism Advertising
1201 Fund established under Section 57-1-64, and a detailed record of
1202 how the funds are spent.

1203 (25) On or before September 15, 2024, and each month
1204 thereafter, the total amount of revenue collected under the
1205 provisions of Section 27-65-19(1)(a)(ii) shall be allocated and
1206 deposited, without diversion, as follows:

1207 (a) Fifty percent (50%) shall be deposited into the
1208 2022 Maintenance Project Fund created in Section 65-1-141.1; and

1209 (b) Fifty percent (50%) shall be deposited into the
1210 2022 Capacity Project Fund created in Section 65-1-141.2.

1211 (* * *26) The remainder of the amounts collected under the
1212 provisions of this chapter shall be paid into the State Treasury
1213 to the credit of the General Fund.

1214 (* * *27) (a) It shall be the duty of the municipal
1215 officials of any municipality that expands its limits, or of any
1216 community that incorporates as a municipality, to notify the
1217 commissioner of that action thirty (30) days before the effective
1218 date. Failure to so notify the commissioner shall cause the



1219 municipality to forfeit the revenue that it would have been
1220 entitled to receive during this period of time when the
1221 commissioner had no knowledge of the action.

1222 (b) (i) Except as otherwise provided in subparagraph
1223 (ii) of this paragraph, if any funds have been erroneously
1224 disbursed to any municipality or any overpayment of tax is
1225 recovered by the taxpayer, the commissioner may make correction
1226 and adjust the error or overpayment with the municipality by
1227 withholding the necessary funds from any later payment to be made
1228 to the municipality.

1229 (ii) Subject to the provisions of Sections
1230 27-65-51 and 27-65-53, if any funds have been erroneously
1231 disbursed to a municipality under subsection (1) of this section
1232 for a period of three (3) years or more, the maximum amount that
1233 may be recovered or withheld from the municipality is the total
1234 amount of funds erroneously disbursed for a period of three (3)
1235 years beginning with the date of the first erroneous disbursement.
1236 However, if during such period, a municipality provides written
1237 notice to the Department of Revenue indicating the erroneous
1238 disbursement of funds, then the maximum amount that may be
1239 recovered or withheld from the municipality is the total amount of
1240 funds erroneously disbursed for a period of one (1) year beginning
1241 with the date of the first erroneous disbursement.

1242 **SECTION 5.** Section 27-65-111, Mississippi Code of 1972, is
1243 amended as follows:



1244 27-65-111. The exemptions from the provisions of this
1245 chapter which are not industrial, agricultural or governmental, or
1246 which do not relate to utilities or taxes, or which are not
1247 properly classified as one (1) of the exemption classifications of
1248 this chapter, shall be confined to persons or property exempted by
1249 this section or by the Constitution of the United States or the
1250 State of Mississippi. No exemptions as now provided by any other
1251 section, except the classified exemption sections of this chapter
1252 set forth herein, shall be valid as against the tax herein levied.
1253 Any subsequent exemption from the tax levied hereunder, except as
1254 indicated above, shall be provided by amendments to this section.

1255 No exemption provided in this section shall apply to taxes
1256 levied by Section 27-65-15 or 27-65-21.

1257 The tax levied by this chapter shall not apply to the
1258 following:

1259 (a) Sales of tangible personal property and services to
1260 hospitals or infirmaries owned and operated by a corporation or
1261 association in which no part of the net earnings inures to the
1262 benefit of any private shareholder, group or individual, and which
1263 are subject to and governed by Sections 41-7-123 through 41-7-127.

1264 Only sales of tangible personal property or services which
1265 are ordinary and necessary to the operation of such hospitals and
1266 infirmaries are exempted from tax.

1267 (b) Sales of daily or weekly newspapers, and
1268 periodicals or publications of scientific, literary or educational



1269 organizations exempt from federal income taxation under Section
1270 501(c) (3) of the Internal Revenue Code of 1954, as it exists as of
1271 March 31, 1975, and subscription sales of all magazines.

1272 (c) Sales of coffins, caskets and other materials used
1273 in the preparation of human bodies for burial.

1274 (d) Sales of tangible personal property for immediate
1275 export to a foreign country.

1276 (e) Sales of tangible personal property to an
1277 orphanage, old men's or ladies' home, supported wholly or in part
1278 by a religious denomination, fraternal nonprofit organization or
1279 other nonprofit organization.

1280 (f) Sales of tangible personal property, labor or
1281 services taxable under Sections 27-65-17, 27-65-19 and 27-65-23,
1282 to a YMCA, YWCA, a Boys' or Girls' Club owned and operated by a
1283 corporation or association in which no part of the net earnings
1284 inures to the benefit of any private shareholder, group or
1285 individual.

1286 (g) Sales to elementary and secondary grade schools,
1287 junior and senior colleges owned and operated by a corporation or
1288 association in which no part of the net earnings inures to the
1289 benefit of any private shareholder, group or individual, and which
1290 are exempt from state income taxation, provided that this
1291 exemption does not apply to sales of property or services which
1292 are not to be used in the ordinary operation of the school, or
1293 which are to be resold to the students or the public.



1294 (h) The gross proceeds of retail sales and the use or
1295 consumption in this state of drugs and medicines:

1296 (i) Prescribed for the treatment of a human being
1297 by a person authorized to prescribe the medicines, and dispensed
1298 or prescription filled by a registered pharmacist in accordance
1299 with law; or

1300 (ii) Furnished by a licensed physician, surgeon,
1301 dentist or podiatrist to his own patient for treatment of the
1302 patient; or

1303 (iii) Furnished by a hospital for treatment of any
1304 person pursuant to the order of a licensed physician, surgeon,
1305 dentist or podiatrist; or

1306 (iv) Sold to a licensed physician, surgeon,
1307 podiatrist, dentist or hospital for the treatment of a human
1308 being; or

1309 (v) Sold to this state or any political
1310 subdivision or municipal corporation thereof, for use in the
1311 treatment of a human being or furnished for the treatment of a
1312 human being by a medical facility or clinic maintained by this
1313 state or any political subdivision or municipal corporation
1314 thereof.

1315 "Medicines," as used in this paragraph (h), shall mean and
1316 include any substance or preparation intended for use by external
1317 or internal application to the human body in the diagnosis, cure,
1318 mitigation, treatment or prevention of disease and which is



1319 commonly recognized as a substance or preparation intended for
1320 such use; provided that "medicines" do not include any auditory,
1321 prosthetic, ophthalmic or ocular device or appliance, any dentures
1322 or parts thereof or any artificial limbs or their replacement
1323 parts, articles which are in the nature of splints, bandages,
1324 pads, compresses, supports, dressings, instruments, apparatus,
1325 contrivances, appliances, devices or other mechanical, electronic,
1326 optical or physical equipment or article or the component parts
1327 and accessories thereof, or any alcoholic beverage or any other
1328 drug or medicine not commonly referred to as a prescription drug.

1329 Notwithstanding the preceding sentence of this paragraph (h),
1330 "medicines" as used in this paragraph (h), shall mean and include
1331 sutures, whether or not permanently implanted, bone screws, bone
1332 pins, pacemakers and other articles permanently implanted in the
1333 human body to assist the functioning of any natural organ, artery,
1334 vein or limb and which remain or dissolve in the body.

1335 The exemption provided in this paragraph (h) shall not apply
1336 to medical cannabis sold in accordance with the provisions of the
1337 Mississippi Medical Cannabis Act and in compliance with rules and
1338 regulations adopted thereunder.

1339 "Hospital," as used in this paragraph (h), shall have the
1340 meaning ascribed to it in Section 41-9-3, Mississippi Code of
1341 1972.

1342 Insulin furnished by a registered pharmacist to a person for
1343 treatment of diabetes as directed by a physician shall be deemed



1344 to be dispensed on prescription within the meaning of this
1345 paragraph (h).

1346 (i) Retail sales of automobiles, trucks and
1347 truck-tractors if exported from this state within forty-eight (48)
1348 hours and registered and first used in another state.

1349 (j) Sales of tangible personal property or services to
1350 the Salvation Army and the Muscular Dystrophy Association, Inc.

1351 (k) From July 1, 1985, through December 31, 1992,
1352 retail sales of "alcohol-blended fuel" as such term is defined in
1353 Section 75-55-5. The gasoline-alcohol blend or the straight
1354 alcohol eligible for this exemption shall not contain alcohol
1355 distilled outside the State of Mississippi.

1356 (l) Sales of tangible personal property or services to
1357 the Institute for Technology Development.

1358 (m) The gross proceeds of retail sales of food and
1359 drink for human consumption made through vending machines serviced
1360 by full-line vendors from and not connected with other taxable
1361 businesses.

1362 (n) The gross proceeds of sales of motor fuels used for
1363 agricultural, maritime, industrial or manufacturing, and no part
1364 of which is used for operating motor vehicles or motor-propelled
1365 machines of any description along the public roads, streets,
1366 alleys or highways of this state.

1367 (o) Retail sales of food for human consumption
1368 purchased with food stamps issued by the United States Department



1369 of Agriculture, or other federal agency, from and after October 1,
1370 1987, or from and after the expiration of any waiver granted
1371 pursuant to federal law, the effect of which waiver is to permit
1372 the collection by the state of tax on such retail sales of food
1373 for human consumption purchased with food stamps.

1374 (p) Sales of cookies for human consumption by the Girl
1375 Scouts of America no part of the net earnings from which sales
1376 inures to the benefit of any private group or individual.

1377 (q) Gifts or sales of tangible personal property or
1378 services to public or private nonprofit museums of art.

1379 (r) Sales of tangible personal property or services to
1380 alumni associations of state-supported colleges or universities.

1381 (s) Sales of tangible personal property or services to
1382 National Association of Junior Auxiliaries, Inc., and chapters of
1383 the National Association of Junior Auxiliaries, Inc.

1384 (t) Sales of tangible personal property or services to
1385 domestic violence shelters which qualify for state funding under
1386 Sections 93-21-101 through 93-21-113.

1387 (u) Sales of tangible personal property or services to
1388 the National Multiple Sclerosis Society, Mississippi Chapter.

1389 (v) Retail sales of food for human consumption
1390 purchased with food instruments issued the Mississippi Band of
1391 Choctaw Indians under the Women, Infants and Children Program
1392 (WIC) funded by the United States Department of Agriculture.



1393 (w) Sales of tangible personal property or services to
1394 a private company, as defined in Section 57-61-5, which is making
1395 such purchases with proceeds of bonds issued under Section 57-61-1
1396 et seq., the Mississippi Business Investment Act.

1397 (x) The gross collections from the operation of
1398 self-service, coin-operated car washing equipment and sales of the
1399 service of washing motor vehicles with portable high-pressure
1400 washing equipment on the premises of the customer.

1401 (y) Sales of tangible personal property or services to
1402 the Mississippi Technology Alliance.

1403 (z) Sales of tangible personal property to nonprofit
1404 organizations that provide foster care, adoption services and
1405 temporary housing for unwed mothers and their children if the
1406 organization is exempt from federal income taxation under Section
1407 501(c) (3) of the Internal Revenue Code.

1408 (aa) Sales of tangible personal property to nonprofit
1409 organizations that provide residential rehabilitation for persons
1410 with alcohol and drug dependencies if the organization is exempt
1411 from federal income taxation under Section 501(c) (3) of the
1412 Internal Revenue Code.

1413 (bb) (i) Retail sales of an article of clothing or
1414 footwear designed to be worn on or about the human body and retail
1415 sales of school supplies if the sales price of the article of
1416 clothing or footwear or school supply is less than One Hundred
1417 Dollars (\$100.00) and the sale takes place during a period



1418 beginning at 12:01 a.m. on the last Friday in July and ending at
1419 12:00 midnight the following Saturday. This paragraph (bb) shall
1420 not apply to:

1421 1. Accessories including jewelry, handbags,
1422 luggage, umbrellas, wallets, watches, briefcases, garment bags and
1423 similar items carried on or about the human body, without regard
1424 to whether worn on the body in a manner characteristic of
1425 clothing;

1426 2. The rental of clothing or footwear; and

1427 3. Skis, swim fins, roller blades, skates and
1428 similar items worn on the foot.

1429 (ii) For purposes of this paragraph (bb), "school
1430 supplies" means items that are commonly used by a student in a
1431 course of study. The following is an all-inclusive list:

- 1432 1. Backpacks;
1433 2. Binder pockets;
1434 3. Binders;
1435 4. Blackboard chalk;
1436 5. Book bags;
1437 6. Calculators;
1438 7. Cellophane tape;
1439 8. Clays and glazes;
1440 9. Compasses;
1441 10. Composition books;
1442 11. Crayons;



- 1443 12. Dictionaries and thesauruses;
1444 13. Dividers;
1445 14. Erasers;
1446 15. Folders: expandable, pocket, plastic and
1447 manila;
1448 16. Glue, paste and paste sticks;
1449 17. Highlighters;
1450 18. Index card boxes;
1451 19. Index cards;
1452 20. Legal pads;
1453 21. Lunch boxes;
1454 22. Markers;
1455 23. Notebooks;
1456 24. Paintbrushes for artwork;
1457 25. Paints: acrylic, tempera and oil;
1458 26. Paper: loose-leaf ruled notebook paper,
1459 copy paper, graph paper, tracing paper, manila paper, colored
1460 paper, poster board and construction paper;
1461 27. Pencil boxes and other school supply
1462 boxes;
1463 28. Pencil sharpeners;
1464 29. Pencils;
1465 30. Pens;
1466 31. Protractors;
1467 32. Reference books;



- 1468 33. Reference maps and globes;
1469 34. Rulers;
1470 35. Scissors;
1471 36. Sheet music;
1472 37. Sketch and drawing pads;
1473 38. Textbooks;
1474 39. Watercolors;
1475 40. Workbooks; and
1476 41. Writing tablets.

1477 (iii) From and after January 1, 2010, the
1478 governing authorities of a municipality, for retail sales
1479 occurring within the corporate limits of the municipality, may
1480 suspend the application of the exemption provided for in this
1481 paragraph (bb) by adoption of a resolution to that effect stating
1482 the date upon which the suspension shall take effect. A certified
1483 copy of the resolution shall be furnished to the Department of
1484 Revenue at least ninety (90) days prior to the date upon which the
1485 municipality desires such suspension to take effect.

1486 (cc) The gross proceeds of sales of tangible personal
1487 property made for the sole purpose of raising funds for a school
1488 or an organization affiliated with a school.

1489 As used in this paragraph (cc), "school" means any public or
1490 private school that teaches courses of instruction to students in
1491 any grade from kindergarten through Grade 12.



1492 (dd) Sales of durable medical equipment and home
1493 medical supplies when ordered or prescribed by a licensed
1494 physician for medical purposes of a patient. As used in this
1495 paragraph (dd), "durable medical equipment" and "home medical
1496 supplies" mean equipment, including repair and replacement parts
1497 for the equipment or supplies listed under Title XVIII of the
1498 Social Security Act or under the state plan for medical assistance
1499 under Title XIX of the Social Security Act, prosthetics,
1500 orthotics, hearing aids, hearing devices, prescription eyeglasses,
1501 oxygen and oxygen equipment. Payment does not have to be made, in
1502 whole or in part, by any particular person to be eligible for this
1503 exemption. Purchases of home medical equipment and supplies by a
1504 provider of home health services or a provider of hospice services
1505 are eligible for this exemption if the purchases otherwise meet
1506 the requirements of this paragraph.

1507 (ee) Sales of tangible personal property or services to
1508 Mississippi Blood Services.

1509 (ff) (i) Subject to the provisions of this paragraph
1510 (ff), retail sales of firearms, ammunition and hunting supplies if
1511 sold during the annual Mississippi Second Amendment Weekend
1512 holiday beginning at 12:01 a.m. on the last Friday in August and
1513 ending at 12:00 midnight the following Sunday. For the purposes
1514 of this paragraph (ff), "hunting supplies" means tangible personal
1515 property used for hunting, including, and limited to, archery
1516 equipment, firearm and archery cases, firearm and archery



1517 accessories, hearing protection, holsters, belts and slings.

1518 Hunting supplies does not include animals used for hunting.

1519 (ii) This paragraph (ff) shall apply only if one
1520 or more of the following occur:

1521 1. Title to and/or possession of an eligible
1522 item is transferred from a seller to a purchaser; and/or

1523 2. A purchaser orders and pays for an
1524 eligible item and the seller accepts the order for immediate
1525 shipment, even if delivery is made after the time period provided
1526 in subparagraph (i) of this paragraph (ff), provided that the
1527 purchaser has not requested or caused the delay in shipment.

1528 (gg) Sales of nonperishable food items to charitable
1529 organizations that are exempt from federal income taxation under
1530 Section 501(c)(3) of the Internal Revenue Code and operate a food
1531 bank or food pantry or food lines.

1532 (hh) Sales of tangible personal property or services to
1533 the United Way of the Pine Belt Region, Inc.

1534 (ii) Sales of tangible personal property or services to
1535 the Mississippi Children's Museum or any subsidiary or affiliate
1536 thereof operating a satellite or branch museum within this state.

1537 (jj) Sales of tangible personal property or services to
1538 the Jackson Zoological Park.

1539 (kk) Sales of tangible personal property or services to
1540 the Hattiesburg Zoo.



1541 (ll) Gross proceeds from sales of food, merchandise or
1542 other concessions at an event held solely for religious or
1543 charitable purposes at livestock facilities, agriculture
1544 facilities or other facilities constructed, renovated or expanded
1545 with funds for the grant program authorized under Section 18,
1546 Chapter 530, Laws of 1995.

1547 (mm) Sales of tangible personal property and services
1548 to the Diabetes Foundation of Mississippi and the Mississippi
1549 Chapter of the Juvenile Diabetes Research Foundation.

1550 (nn) Sales of potting soil, mulch, or other soil
1551 amendments used in growing ornamental plants which bear no fruit
1552 of commercial value when sold to commercial plant nurseries that
1553 operate exclusively at wholesale and where no retail sales can be
1554 made.

1555 (oo) Sales of tangible personal property or services to
1556 the University of Mississippi Medical Center Research Development
1557 Foundation.

1558 (pp) Sales of tangible personal property or services to
1559 Keep Mississippi Beautiful, Inc., and all affiliates of Keep
1560 Mississippi Beautiful, Inc.

1561 (qq) Sales of tangible personal property or services to
1562 the Friends of Children's Hospital.

1563 (rr) Sales of tangible personal property or services to
1564 the Pinecrest Weekend Backpacks for Kids located in Corinth,
1565 Mississippi.



1566 (ss) Sales of hearing aids when ordered or prescribed
1567 by a licensed physician, audiologist or hearing aid specialist for
1568 the medical purposes of a patient.

1569 (tt) Sales exempt under the Facilitating Business Rapid
1570 Response to State Declared Disasters Act of 2015 (Sections
1571 27-113-1 through 27-113-9).

1572 (uu) Sales of tangible personal property or services to
1573 the Junior League of Jackson.

1574 (vv) Sales of tangible personal property or services to
1575 the Mississippi's Toughest Kids Foundation for use in the
1576 construction, furnishing and equipping of buildings and related
1577 facilities and infrastructure at Camp Kamassa in Copiah County,
1578 Mississippi. This paragraph (vv) shall stand repealed on July 1,
1579 2025.

1580 (ww) Sales of tangible personal property or services to
1581 MS Gulf Coast Buddy Sports, Inc.

1582 (xx) Sales of tangible personal property or services to
1583 Biloxi Lions, Inc.

1584 (yy) Sales of tangible personal property or services to
1585 Lions Sight Foundation of Mississippi, Inc.

1586 (zz) Sales of tangible personal property and services
1587 to the Goldring/Woldenberg Institute of Southern Jewish Life
1588 (ISJL).

1589 (aaa) Sales of coins, currency, and bullion. For the
1590 purposes of this paragraph (aaa), the following words and phrases



1591 shall have the meanings ascribed in this paragraph (aaa) unless
1592 the context clearly indicates otherwise:

1593 (i) "Bullion" means a bar, ingot, or coin:

1594 1. Manufactured, in whole or in part, of
1595 gold, silver, platinum, or palladium;

1596 2. That was or is used solely as a medium of
1597 exchange, security, or commodity by any state, the United States
1598 Government, or a foreign nation; and

1599 3. Sold based on the intrinsic value of the
1600 bar, ingot, or coin as a precious metal or collectible item rather
1601 than its form or representative value as a medium of exchange.

1602 (ii) "Coin or currency" means a coin or currency:

1603 1. Manufactured, in whole or in part, of
1604 gold, silver, other metal, or paper;

1605 2. That was or is used solely as a medium of
1606 exchange, security, or commodity by any state, the United States
1607 Government, or a foreign nation; and

1608 3. Sold based on the intrinsic value of the
1609 coin or currency as a precious metal or collectible item rather
1610 than its form or representative value as a medium of exchange.

1611 "Coin or currency" does not include a coin or currency that has
1612 been incorporated into jewelry.

1613 **SECTION 6.** Section 27-7-5, Mississippi Code of 1972, is
1614 amended as follows:



1615 27-7-5. (1) (a) Except as otherwise provided in this
1616 section, there is hereby assessed and levied, to be collected and
1617 paid as hereinafter provided, for the calendar year 1983 and
1618 fiscal years ending during the calendar year 1983 and all taxable
1619 years thereafter, upon the entire net income of every resident
1620 individual, corporation, association, trust or estate, in excess
1621 of the credits provided, a tax at the following rates:

1622 (i) 1. Through calendar year 2017, on the first
1623 Five Thousand Dollars (\$5,000.00) of taxable income, or any part
1624 thereof, the rate shall be three percent (3%);

1625 2. For calendar year 2018, on the first One
1626 Thousand Dollars (\$1,000.00) of taxable income there shall be no
1627 tax levied, and on the next Four Thousand Dollars (\$4,000.00) of
1628 taxable income, or any part thereof, the rate shall be three
1629 percent (3%);

1630 3. For calendar year 2019, on the first Two
1631 Thousand Dollars (\$2,000.00) of taxable income there shall be no
1632 tax levied, and on the next Three Thousand Dollars (\$3,000.00) of
1633 taxable income, or any part thereof, the rate shall be three
1634 percent (3%);

1635 4. For calendar year 2020, on the first Three
1636 Thousand Dollars (\$3,000.00) of taxable income there shall be no
1637 tax levied, and on the next Two Thousand Dollars (\$2,000.00) of
1638 taxable income, or any part thereof, the rate shall be three
1639 percent (3%);



1640 5. For calendar year 2021, on the first Four
1641 Thousand Dollars (\$4,000.00) of taxable income there shall be no
1642 tax levied, and on the next One Thousand Dollars (\$1,000.00) of
1643 taxable income, or any part thereof, the rate shall be three
1644 percent (3%);

1645 6. For calendar year 2022 and all taxable
1646 years thereafter, there shall be no tax levied on the first Five
1647 Thousand Dollars (\$5,000.00) of taxable income;

1648 (ii) On taxable income in excess of Five Thousand
1649 Dollars (\$5,000.00) up to and including Ten Thousand Dollars
1650 (\$10,000.00), or any part thereof, the rate shall be four percent
1651 (4%); and

1652 (iii) On all taxable income in excess of Ten
1653 Thousand Dollars (\$10,000.00), the rate shall be five percent
1654 (5%).

1655 (b) (i) For calendar year 2023 and all calendar years
1656 thereafter, there shall be no tax levied under subparagraph (ii)
1657 of paragraph (a) of this subsection on the taxable income of
1658 individuals in excess of Five Thousand Dollars (\$5,000.00) up to
1659 and including Ten Thousand Dollars (\$10,000.00), or any part
1660 thereof; and

1661 (ii) For calendar year 2024 and all calendar years
1662 thereafter, the tax imposed under subparagraph (iii) of paragraph
1663 (a) of this subsection upon all taxable income of individuals in



1664 excess of Ten Thousand Dollars (\$10,000.00), shall be at the
1665 following rates:

1666 1. For calendar year 2024, on such taxable
1667 income, the rate shall be four and seven-tenths percent (4.7%);

1668 2. For calendar year 2025, on such taxable
1669 income, the rate shall be * * * three and nine-tenths percent
1670 (3.9%); * * *

1671 3. For calendar year 2026 * * *, on such
1672 taxable income, the rate shall be three and six-tenths percent
1673 (3.6%);

1674 4. For calendar year 2027, on such taxable
1675 income, the rate shall be three and three-tenths percent (3.3%);

1676 5. For calendar year 2028, on such taxable
1677 income, the rate shall be three percent (3%);

1678 6. For calendar year 2029, on such taxable
1679 income, the rate shall be two and seven-tenths percent (2.7%);

1680 7. For calendar year 2030, on such taxable
1681 income, the rate shall be two and four-tenths percent (2.4%);

1682 8. For calendar year 2031, on such taxable
1683 income, the rate shall be two and one-tenths percent (2.1%);

1684 9. For calendar year 2032, on such taxable
1685 income, the rate shall be one and eight-tenths percent (1.8%);

1686 10. For calendar year 2033, on such taxable
1687 income, the rate shall be one and five-tenths percent (1.5%);



1688 11. For calendar year 2034, on such taxable
1689 income, the rate shall be one and two-tenths percent (1.2%);

1690 12. For calendar year 2035, on such taxable
1691 income, the rate shall be nine-tenths of one percent (.9%);

1692 13. For calendar year 2036, on such taxable
1693 income, the rate shall be six-tenths of one percent (.6%);

1694 14. For calendar year 2037, on such taxable
1695 income, the rate shall be three-tenths of one percent (.3%); and

1696 15. For calendar year 2038 and all calendar
1697 years thereafter, there shall be no tax levied under subparagraph
1698 (iii) of paragraph (a) of this subsection upon taxable income of
1699 individuals in excess of Ten Thousand Dollars (\$10,000.00).

1700 * * *

1701 However, for calendar year 2024 and each calendar year
1702 thereafter, the tax imposed under subparagraph (iii) of paragraph
1703 (a) of this subsection upon all taxable income of individuals in
1704 excess of Ten Thousand Dollars (\$10,000.00) that is derived from
1705 illegal activity shall be at the rate of five percent (5%) and for
1706 income derived from producing, distributing, directing,
1707 manufacturing, issuing, publishing or advertising any depiction of
1708 sexually explicit conduct, the tax shall be at the rate of five
1709 percent (5%). For the purposes of the preceding sentence,
1710 "sexually explicit conduct" has the meaning ascribed to such term
1711 in Section 97-5-31, however, without regard to whether depicting
1712 any adult or child.



1713 (2) An S corporation, as defined in Section 27-8-3(1)(g),
1714 shall not be subject to the income tax imposed under this section.

1715 (3) A like tax is hereby imposed to be assessed, collected
1716 and paid annually, except as hereinafter provided, at the rate
1717 specified in this section and as hereinafter provided, upon and
1718 with respect to the entire net income, from all property owned or
1719 sold, and from every business, trade or occupation carried on in
1720 this state by individuals, corporations, partnerships, trusts or
1721 estates, not residents of the State of Mississippi.

1722 (4) In the case of taxpayers having a fiscal year beginning
1723 in a calendar year with a rate in effect that is different than
1724 the rate in effect for the next calendar year and ending in the
1725 next calendar year, the tax due for that taxable year shall be
1726 determined by:

1727 (a) Computing for the full fiscal year the amount of
1728 tax that would be due under the rates in effect for the calendar
1729 year in which the fiscal year begins; and

1730 (b) Computing for the full fiscal year the amount of
1731 tax that would be due under the rates in effect for the calendar
1732 year in which the fiscal year ends; and

1733 (c) Applying to the tax computed under paragraph (a)
1734 the ratio which the number of months falling within the earlier
1735 calendar year bears to the total number of months in the fiscal
1736 year; and



1737 (d) Applying to the tax computed under paragraph (b)
1738 the ratio which the number of months falling within the later
1739 calendar year bears to the total number of months within the
1740 fiscal year; and

1741 (e) Adding to the tax determined under paragraph (c)
1742 the tax determined under paragraph (d) the sum of which shall be
1743 the amount of tax due for the fiscal year.

1744 **SECTION 7.** Section 1 of this act shall be codified as a new
1745 section in Chapter 65, Title 27, Mississippi Code of 1972.

1746 **SECTION 8.** Section 6 of this act shall take effect and be in
1747 force from and after January 1, 2024. Section 1 of this act shall
1748 take effect and be in force from and after its passage. The
1749 remainder of this act shall take effect and be in force from and
1750 after July 1, 2024.

