

By: Representative Johnson

To: Ways and Means

HOUSE BILL NO. 397

1 AN ACT TO AMEND SECTION 27-65-75, MISSISSIPPI CODE OF 1972,
2 TO INCREASE THE AMOUNT OF STATE SALES TAX REVENUE DIVERTED INTO
3 THE MOTOR VEHICLE AD VALOREM TAX REDUCTION FUND; TO AMEND SECTION
4 27-51-105, MISSISSIPPI CODE OF 1972, TO CONFORM TO THE PROVISIONS
5 OF THIS ACT; AND FOR RELATED PURPOSES.

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

7 SECTION 1. Section 27-65-75, Mississippi Code of 1972, is
8 amended as follows:

9 **[Until July 1, 2002, this section reads as follows:]**

10 27-65-75. On or before the fifteenth day of each month, the
11 revenue collected under the provisions of this chapter during the
12 preceding month shall be paid and distributed as follows:

13 (1) On or before August 15, 1992, and each succeeding month
14 thereafter through July 15, 1993, eighteen percent (18%) of the
15 total sales tax revenue collected during the preceding month under
16 the provisions of this chapter, except that collected under the
17 provisions of Sections 27-65-15, 27-65-19(3) and 27-65-21, on
18 business activities within a municipal corporation shall be
19 allocated for distribution to such municipality and paid to such
20 municipal corporation. On or before August 15, 1993, and each
21 succeeding month thereafter, eighteen and one-half percent
22 (18-1/2%) of the total sales tax revenue collected during the
23 preceding month under the provisions of this chapter, except that
24 collected under the provisions of Sections 27-65-15, 27-65-19(3),
25 27-65-21, and that collected under Section 27-65-17(2) and the
26 corresponding levy in Section 27-65-23 on the rental or lease of
27 private carriers of passengers and light carriers of property as
28 defined in Section 27-51-101, on business activities within a

29 municipal corporation shall be allocated for distribution to such
30 municipality and paid to such municipal corporation.

31 A municipal corporation, for the purpose of distributing the
32 tax under this subsection, shall mean and include all incorporated
33 cities, towns and villages.

34 Monies allocated for distribution and credited to a municipal
35 corporation under this subsection may be pledged as security for
36 any loan received by the municipal corporation for the purpose of
37 capital improvements as authorized under Section 57-1-303, or
38 loans as authorized under Section 57-44-7, or water systems
39 improvements as authorized under Section 41-3-16.

40 In any county having a county seat which is not an
41 incorporated municipality, the distribution provided hereunder
42 shall be made as though the county seat was an incorporated
43 municipality; however, the distribution to such municipality shall
44 be paid to the county treasury wherein the municipality is located
45 and such funds shall be used for road, bridge and street
46 construction or maintenance therein.

47 (2) On or before September 15, 1987, and each succeeding
48 month thereafter, from the revenue collected under this chapter
49 during the preceding month One Million One Hundred Twenty-five
50 Thousand Dollars (\$1,125,000.00) shall be allocated for
51 distribution to municipal corporations as defined under subsection
52 (1) of this section in the proportion that the number of gallons
53 of gasoline and diesel fuel sold by distributors to consumers and
54 retailers in each such municipality during the preceding fiscal
55 year bears to the total gallons of gasoline and diesel fuel sold
56 by distributors to consumers and retailers in municipalities
57 statewide during the preceding fiscal year. The State Tax
58 Commission shall require all distributors of gasoline and diesel
59 fuel to report to the commission monthly the total number of
60 gallons of gasoline and diesel fuel sold by them to consumers and
61 retailers in each municipality during the preceding month. The
62 State Tax Commission shall have the authority to promulgate such
63 rules and regulations as is necessary to determine the number of
64 gallons of gasoline and diesel fuel sold by distributors to
65 consumers and retailers in each municipality. In determining the
66 percentage allocation of funds under this subsection for the

67 fiscal year beginning July 1, 1987, and ending June 30, 1988, the
68 State Tax Commission may consider gallons of gasoline and diesel
69 fuel sold for a period of less than one (1) fiscal year. For the
70 purposes of this subsection, the term "fiscal year" means the
71 fiscal year beginning July 1 of a year.

72 (3) On or before September 15, 1987, and on or before the
73 fifteenth day of each succeeding month, until the date specified
74 in Section 65-39-35, the proceeds derived from contractors' taxes
75 levied under Section 27-65-21 on contracts for the construction or
76 reconstruction of highways designated under the Four-Lane Highway
77 Program created under Section 65-3-97 shall be deposited into the
78 State Treasury to the credit of the State Highway Fund to be used
79 to fund such Four-Lane Highway Program. The Mississippi
80 Department of Transportation shall provide to the State Tax
81 Commission such information as is necessary to determine the
82 amount of proceeds to be distributed under this subsection.

83 (4) On or before August 15, 1994, and on or before the
84 fifteenth day of each succeeding month, from the proceeds of
85 gasoline, diesel fuel or kerosene taxes as provided in Section
86 27-5-101(a)(ii)1, Four Million Dollars (\$4,000,000.00) shall be
87 deposited in the State Treasury to the credit of a special fund
88 designated as the "State Aid Road Fund," created by Section
89 65-9-17. Such funds shall be pledged to pay the principal of and
90 interest on state aid road bonds heretofore issued under Sections
91 19-9-51 through 19-9-77, in lieu of and in substitution for the
92 funds heretofore allocated to counties under this section. Such
93 funds may not be pledged for the payment of any state aid road
94 bonds issued after April 1, 1981; however, this prohibition
95 against the pledging of any such funds for the payment of bonds
96 shall not apply to any bonds for which intent to issue such bonds
97 has been published, for the first time, as provided by law prior
98 to March 29, 1981. From the amount of taxes paid into the special
99 fund pursuant to this subsection and subsection (9) of this
100 section, there shall be first deducted and paid the amount

necessary to pay the expenses of the Office of State Aid Road Construction, as authorized by the Legislature for all other general and special fund agencies. The remainder of the fund shall be allocated monthly to the several counties in accordance with the following formula:

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

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

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

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

The amount of funds allocated to any county under this subsection for any fiscal year after Fiscal Year 1994 shall not be less than the amount allocated to such county for Fiscal Year 1994. Monies allocated to a county from the State Aid Road Fund for Fiscal Year 1995 or any fiscal year thereafter that exceed the amount of funds allocated to that county from the State Aid Road Fund for Fiscal Year 1994, first must be expended by the county for replacement or rehabilitation of bridges on the state aid road system that have a sufficiency rating of less than twenty-five (25), according to National Bridge Inspection standards before such monies may be approved for expenditure by the State Aid Road Engineer on other projects that qualify for the use of state aid road funds.

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

27-65-75.

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

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

(7) On or before August 15, 1992, and each succeeding month thereafter, two and two hundred sixty-six one-thousandths percent (2.266%) of the total sales tax revenue collected during the preceding month under the provisions of this chapter, except that collected under the provisions of Section 27-65-17(2) shall be deposited by the commission into the School Ad Valorem Tax Reduction Fund created pursuant to Section 37-61-35.

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

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

(10) On or before August 15, 1994, and each succeeding month thereafter through August 15, 1995, from the revenue collected under this chapter during the preceding month, Two Million Dollars (\$2,000,000.00) shall be deposited into the Motor Vehicle Ad

Valorem Tax Reduction Fund established in Section 27-51-105.

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

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

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

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

(15) On or before August 15, 2001, and each succeeding month thereafter through July 15, 2003, from the revenue collected under this chapter during the preceding month, except that collected under Section 27-65-17(2) and the corresponding levy in Section 27-65-23 on the rental or lease of private carriers of passengers and light carriers of property as defined in Section 27-51-101, Two Million Dollars (\$2,000,000.00) shall be deposited into the Motor Vehicle Ad Valorem Tax Reduction Fund established in Section 27-51-105. On or before August 15, 2003, and each succeeding month thereafter through July 15, 2005, from the revenue collected under this chapter during the preceding month, except that collected under Section 27-65-17(2) and the corresponding levy in Section 27-65-23 on the rental or lease of private carriers of passengers and light carriers of property as defined in Section 27-51-101, Four Million Dollars (\$4,000,000.00) shall be deposited into the Motor Vehicle Ad Valorem Tax Reduction Fund established in Section 27-51-105. On or before August 15, 2005, and each succeeding month thereafter through July 15, 2007, from the revenue collected under this chapter during the preceding month, except that collected under Section 27-65-17(2) and the corresponding levy in Section 27-65-23 on the rental or lease of private carriers of passengers and light carriers of property as defined in Section 27-51-101, Six Million Dollars (\$6,000,000.00) shall be deposited into the Motor Vehicle Ad Valorem Tax Reduction Fund established in Section 27-51-105. On or before August 15, 2007, and each succeeding month thereafter, from the revenue collected under this chapter during the preceding month, except that collected under Section 27-65-17(2) and the corresponding levy in Section 27-65-23 on the rental or lease of private carriers of passengers and light carriers of property as defined in Section 27-51-101, Eight Million Dollars (\$8,000,000.00) shall be deposited into the Motor Vehicle Ad Valorem Tax Reduction Fund established in Section 27-51-105. The amount deposited into the Motor Vehicle Ad Valorem Tax Reduction Fund under this subsection

(15) shall be in addition to any other funds allocated for distribution to the Motor Vehicle Ad Valorem Tax Reduction Fund under this section.

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

(17) It shall be the duty of the municipal officials of any municipality which expands its limits, or of any community which incorporates as a municipality, to notify the commissioner of such action thirty (30) days before the effective date. Failure to so notify the commissioner shall cause such municipality to forfeit the revenue which it would have been entitled to receive during this period of time when the commissioner had no knowledge of the action. If any funds have been erroneously disbursed to any municipality or any overpayment of tax is recovered by the taxpayer, the commissioner may make correction and adjust the error or overpayment with such municipality by withholding the necessary funds from any subsequent payment to be made to the municipality.

[From and after July 1, 2002, this section reads as follows:]

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

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

collected under the provisions of Sections 27-65-15, 27-65-17(2),
27-65-19(3) and 27-65-21, on business activities within a
municipal corporation shall be allocated for distribution to such
municipality and paid to such municipal corporation.

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

Monies allocated for distribution and credited to a municipal
corporation under this subsection may be pledged as security for
any loan received by the municipal corporation for the purpose of
capital improvements as authorized under Section 57-1-303, or
loans as authorized under Section 57-44-7, or water systems
improvements as authorized under Section 41-3-16.

In any county having a county seat which is not an
incorporated municipality, the distribution provided hereunder
shall be made as though the county seat was an incorporated
municipality; however, the distribution to such municipality shall
be paid to the county treasury wherein the municipality is located
and such funds shall be used for road, bridge and street
construction or maintenance therein.

(2) On or before September 15, 1987, and each succeeding
month thereafter, from the revenue collected under this chapter
during the preceding month One Million One Hundred Twenty-five
Thousand Dollars (\$1,125,000.00) shall be allocated for
distribution to municipal corporations as defined under subsection
(1) of this section in the proportion that the number of gallons
of gasoline and diesel fuel sold by distributors to consumers and
retailers in each such municipality during the preceding fiscal
year bears to the total gallons of gasoline and diesel fuel sold
by distributors to consumers and retailers in municipalities
statewide during the preceding fiscal year. The State Tax
Commission shall require all distributors of gasoline and diesel
fuel to report to the commission monthly the total number of
gallons of gasoline and diesel fuel sold by them to consumers and

retailers in each municipality during the preceding month. The State Tax Commission shall have the authority to promulgate such rules and regulations as is necessary to determine the number of gallons of gasoline and diesel fuel sold by distributors to consumers and retailers in each municipality. In determining the percentage allocation of funds under this subsection for the fiscal year beginning July 1, 1987, and ending June 30, 1988, the State Tax Commission may consider gallons of gasoline and diesel fuel sold for a period of less than one (1) fiscal year. For the purposes of this subsection, the term "fiscal year" means the fiscal year beginning July 1 of a year.

(3) On or before September 15, 1987, and on or before the fifteenth day of each succeeding month, until the date specified in Section 65-39-35, the proceeds derived from contractors' taxes levied under Section 27-65-21 on contracts for the construction or reconstruction of highways designated under the Four-Lane Highway Program created under Section 65-3-97 shall be deposited into the State Treasury to the credit of the State Highway Fund to be used to fund such Four-Lane Highway Program. The Mississippi Department of Transportation shall provide to the State Tax Commission such information as is necessary to determine the amount of proceeds to be distributed under this subsection.

(4) On or before August 15, 1994, and on or before the fifteenth day of each succeeding month, from the proceeds of gasoline, diesel fuel or kerosene taxes as provided in Section 27-5-101(a)(ii)1, Four Million Dollars (\$4,000,000.00) shall be deposited in the State Treasury to the credit of a special fund designated as the "State Aid Road Fund," created by Section 65-9-17. Such funds shall be pledged to pay the principal of and interest on state aid road bonds heretofore issued under Sections 19-9-51 through 19-9-77, in lieu of and in substitution for the funds heretofore allocated to counties under this section. Such funds may not be pledged for the payment of any state aid road bonds issued after April 1, 1981; however, this prohibition

339 against the pledging of any such funds for the payment of bonds
340 shall not apply to any bonds for which intent to issue such bonds
341 has been published, for the first time, as provided by law prior
342 to March 29, 1981. From the amount of taxes paid into the special
343 fund pursuant to this subsection and subsection (9) of this
344 section, there shall be first deducted and paid the amount
345 necessary to pay the expenses of the Office of State Aid Road
346 Construction, as authorized by the Legislature for all other
347 general and special fund agencies. The remainder of the fund
348 shall be allocated monthly to the several counties in accordance
349 with the following formula:

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

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

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

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

363 The amount of funds allocated to any county under this
364 subsection for any fiscal year after Fiscal Year 1994 shall not be
365 less than the amount allocated to such county for Fiscal Year
366 1994. Monies allocated to a county from the State Aid Road Fund
367 for Fiscal Year 1995 or any fiscal year thereafter that exceed the
368 amount of funds allocated to that county from the State Aid Road
369 Fund for Fiscal Year 1994, first must be expended by the county
370 for replacement or rehabilitation of bridges on the state aid road
371 system that have a sufficiency rating of less than twenty-five
372 (25), according to National Bridge Inspection standards before

such monies may be approved for expenditure by the State Aid Road Engineer on other projects that qualify for the use of state aid road funds.

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

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

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

(7) On or before August 15, 1992, and each succeeding month thereafter, two and two hundred sixty-six one-thousandths percent (2.266%) of the total sales tax revenue collected during the preceding month under the provisions of this chapter, except that collected under the provisions of Section 27-65-17(2), not to exceed the Fiscal Year 1997 appropriated level shall be deposited by the commission into the School Ad Valorem Tax Reduction Fund created pursuant to Section 37-61-35, with the balance to be transferred to the Education Enhancement Fund created under Section 37-61-33 for appropriation by the Legislature as other education needs and not subject to the percentage set asides set forth in Section 37-61-33.

(8) On or before August 15, 1992, and each succeeding month thereafter, nine and seventy-three one-thousandths percent (9.073%) of the total sales tax revenue collected during the preceding month under the provisions of this chapter, except that

collected under the provisions of Section 27-65-17(2) shall be deposited into the Education Enhancement Fund created pursuant to Section 37-61-33.

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

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

(11) Notwithstanding any other provision of this section to the contrary, on or before February 15, 1995, and each succeeding month thereafter, the sales tax revenue collected during the preceding month under the provisions of Section 27-65-17(2) shall be deposited, without diversion, into the Motor Vehicle Ad Valorem Tax Reduction Fund established in Section 27-51-105.

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

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

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

448 (15) On or before August 15, 2001, and each succeeding month
449 thereafter through July 15, 2003, from the revenue collected under
450 this chapter during the preceding month, except that collected
451 under Section 27-65-17(2), Two Million Dollars (\$2,000,000.00)
452 shall be deposited into the Motor Vehicle Ad Valorem Tax Reduction
453 Fund established in Section 27-51-105. On or before August 15,
454 2003, and each succeeding month thereafter through July 15, 2005,
455 from the revenue collected under this chapter during the preceding
456 month, except that collected under Section 27-65-17(2), Four
457 Million Dollars (\$4,000,000.00) shall be deposited into the Motor
458 Vehicle Ad Valorem Tax Reduction Fund established in Section
459 27-51-105. On or before August 15, 2005, and each succeeding
460 month thereafter through July 15, 2007, from the revenue collected
461 under this chapter during the preceding month, except that
462 collected under Section 27-65-17(2), Six Million Dollars
463 (\$6,000,000.00) shall be deposited into the Motor Vehicle Ad
464 Valorem Tax Reduction Fund established in Section 27-51-105. On
465 or before August 15, 2007, and each succeeding month thereafter,
466 from the revenue collected under this chapter during the preceding
467 month, except that collected under Section 27-65-17(2), Eight
468 Million Dollars (\$8,000,000.00) shall be deposited into the Motor
469 Vehicle Ad Valorem Tax Reduction Fund established in Section
470 27-51-105. The amount deposited into the Motor Vehicle Ad Valorem
471 Tax Reduction Fund under this subsection (15) shall be in addition
472 to any other funds allocated for distribution to the Motor Vehicle
473 Ad Valorem Tax Reduction Fund under this section.

474 (16) The remainder of the amounts collected under the

provisions of this chapter shall be paid into the State Treasury to the credit of the General Fund.

(17) It shall be the duty of the municipal officials of any municipality which expands its limits, or of any community which incorporates as a municipality, to notify the commissioner of such action thirty (30) days before the effective date. Failure to so notify the commissioner shall cause such municipality to forfeit the revenue which it would have been entitled to receive during this period of time when the commissioner had no knowledge of the action. If any funds have been erroneously disbursed to any municipality or any overpayment of tax is recovered by the taxpayer, the commissioner may make correction and adjust the error or overpayment with such municipality by withholding the necessary funds from any subsequent payment to be made to the municipality.

SECTION 2. Section 27-51-105, Mississippi Code of 1972, is amended as follows:

[Through July 1, 2001, this section shall read as follows:]

27-51-105. (1) There is created in the State Treasury a special fund to be known as the Motor Vehicle Ad Valorem Tax Reduction Fund, into which shall be deposited the monies specified in Section 27-65-75(10), (11) and (12), and such other monies as the Legislature may provide by appropriation. The monies in the fund shall be used for the purpose of making payments to counties for the reduction in motor vehicle ad valorem tax revenues incurred by local taxing districts in the county as a result of the ad valorem tax credit for private carriers of passengers and light carriers of property that is provided for by Section 27-51-103.

(2) The Motor Vehicle Ad Valorem Tax Reduction Fund shall be administered by the State Tax Commission, and monies in the fund shall be expended upon appropriation by the Legislature. Unexpended amounts remaining in the fund at the end of the state fiscal year shall not lapse into the State General Fund, and any

509 interest earned on amounts in the fund shall be deposited to the
510 credit of the fund.

511 **[From and after July 1, 2001, this section shall read as**
512 **follows:]**

513 27-51-105. (1) There is created in the State Treasury a
514 special fund to be known as the Motor Vehicle Ad Valorem Tax
515 Reduction Fund, into which shall be deposited the monies specified
516 in Section 27-65-75(10), (11), (12) and (15), and such other
517 monies as the Legislature may provide by appropriation. The
518 monies in the fund shall be used for the purpose of making
519 payments to counties for the reduction in motor vehicle ad valorem
520 tax revenues incurred by local taxing districts in the county as a
521 result of the ad valorem tax credit for private carriers of
522 passengers and light carriers of property that is provided for by
523 Section 27-51-103.

524 (2) The Motor Vehicle Ad Valorem Tax Reduction Fund shall be
525 administered by the State Tax Commission, and monies in the fund
526 shall be expended upon appropriation by the Legislature.
527 Unexpended amounts remaining in the fund at the end of the state
528 fiscal year shall not lapse into the State General Fund, and any
529 interest earned on amounts in the fund shall be deposited to the
530 credit of the fund.

531 SECTION 3. This act shall take effect and be in force from
532 and after July 1, 1999.