

By: Compretta

To: Transportation; Ways
and Means

HOUSE BILL NO. 1423

1 AN ACT TO AMEND SECTION 27-65-75, MISSISSIPPI CODE OF 1972,
2 TO PROVIDE THAT PROCEEDS DERIVED FROM CONTRACTORS' TAXES LEVIED ON
3 CONTRACTS FOR THE CONSTRUCTION, RECONSTRUCTION OR MAINTENANCE OF
4 HIGHWAYS ON THE STATE MAINTAINED HIGHWAY SYSTEM, OTHER THAN
5 HIGHWAYS DESIGNATED UNDER THE 1987 FOUR-LANE HIGHWAY PROGRAM,
6 SHALL BE DEPOSITED INTO THE STATE HIGHWAY FUND; AND FOR RELATED
7 PURPOSES.

8 SECTION 1. Section 27-65-75, Mississippi Code of 1972, is
9 amended as follows:[JWB1]

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

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

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

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

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

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

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

62 gallons of gasoline and diesel fuel sold by distributors to
63 consumers and retailers in each municipality. In determining the
64 percentage allocation of funds under this subsection for the
65 fiscal year beginning July 1, 1987, and ending June 30, 1988, the
66 State Tax Commission may consider gallons of gasoline and diesel
67 fuel sold for a period of less than one (1) fiscal year. For the
68 purposes of this subsection, the term "fiscal year" means the
69 fiscal year beginning July 1 of a year.

70 (3) (a) On or before September 15, 1987, and on or before
71 the fifteenth day of each succeeding month, until the date
72 specified in Section 65-39-35, the proceeds derived from
73 contractors' taxes levied under Section 27-65-21 on contracts for
74 the construction or reconstruction of highways designated under
75 the Four-Lane Highway Program created under Section 65-3-97 shall,
76 except as otherwise provided in Section 31-17-127, be deposited
77 into the State Treasury to the credit of the State Highway Fund to
78 be used to fund such Four-Lane Highway Program. The Mississippi
79 Department of Transportation shall provide to the State Tax
80 Commission such information as is necessary to determine the
81 amount of proceeds to be distributed under this subsection.

82 (b) On or before August 15, 2000, and on or before the
83 fifteenth day of each succeeding month, until the date specified
84 in Section 65-37-35, the proceeds derived from contractors' taxes
85 levied under Section 27-65-21 on contracts for the construction,
86 reconstruction, or maintenance of highways on the state maintained
87 highway system, other than highways designated under the Four-Lane
88 Highway Program created under Section 65-3-97, shall be deposited
89 into the State Treasury to the credit of the State Highway Fund to
90 be used to fund state maintained highways.

91 (4) On or before August 15, 1994, and on or before the
92 fifteenth day of each succeeding month through July 15, 1999, from
93 the proceeds of gasoline, diesel fuel or kerosene taxes as
94 provided in Section 27-5-101(a)(ii)1, Four Million Dollars

95 (\$4,000,000.00) shall be deposited in the State Treasury to the
96 credit of a special fund designated as the "State Aid Road Fund,"
97 created by Section 65-9-17. On or before August 15, 1999, and on
98 or before the fifteenth day of each succeeding month, from the
99 total amount of the proceeds of gasoline, diesel fuel or kerosene
100 taxes apportioned by Section 27-5-101(a)(ii), Four Million Dollars
101 (\$4,000,000.00) or an amount equal to twenty-three and one-fourth
102 percent (23.25%) of such funds, whichever is the greater amount,
103 shall be deposited in the State Treasury to the credit of the
104 "State Aid Road Fund," created by Section 65-9-17. Such funds
105 shall be pledged to pay the principal of and interest on state aid
106 road bonds heretofore issued under Sections 19-9-51 through
107 19-9-77, in lieu of and in substitution for the funds heretofore
108 allocated to counties under this section. Such funds may not be
109 pledged for the payment of any state aid road bonds issued after
110 April 1, 1981; however, this prohibition against the pledging of
111 any such funds for the payment of bonds shall not apply to any
112 bonds for which intent to issue such bonds has been published, for
113 the first time, as provided by law prior to March 29, 1981. From
114 the amount of taxes paid into the special fund pursuant to this
115 subsection and subsection (9) of this section, there shall be
116 first deducted and paid the amount necessary to pay the expenses
117 of the Office of State Aid Road Construction, as authorized by the
118 Legislature for all other general and special fund agencies. The
119 remainder of the fund shall be allocated monthly to the several
120 counties in accordance with the following formula:

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

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

127 (c) One-third (1/3) shall be allocated to counties

128 based on the proportion that the rural population of the county
129 bears to the total rural population in all counties of the state,
130 according to the latest federal decennial census.

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

134 The amount of funds allocated to any county under this
135 subsection for any fiscal year after fiscal year 1994 shall not be
136 less than the amount allocated to such county for fiscal year
137 1994. Monies allocated to a county from the State Aid Road Fund
138 for fiscal year 1995 or any fiscal year thereafter that exceed the
139 amount of funds allocated to that county from the State Aid Road
140 Fund for fiscal year 1994, first must be expended by the county
141 for replacement or rehabilitation of bridges on the state aid road
142 system that have a sufficiency rating of less than twenty-five
143 (25), according to National Bridge Inspection standards before
144 such monies may be approved for expenditure by the State Aid Road
145 Engineer on other projects that qualify for the use of state aid
146 road funds.

147 Any reference in the general laws of this state or the
148 Mississippi Code of 1972 to Section 27-5-105 shall mean and be
149 construed to refer and apply to subsection (4) of Section
150 27-65-75.

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

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

161 Chapter 542, Laws of 1983.

162 (7) On or before August 15, 1992, and each succeeding month
163 thereafter, two and two hundred sixty-six one-thousandths percent
164 (2.266%) of the total sales tax revenue collected during the
165 preceding month under the provisions of this chapter, except that
166 collected under the provisions of Section 27-65-17(2) shall be
167 deposited by the commission into the School Ad Valorem Tax
168 Reduction Fund created pursuant to Section 37-61-35.

169 (8) On or before August 15, 1992, and each succeeding month
170 thereafter, nine and seventy-three one-thousandths percent
171 (9.073%) of the total sales tax revenue collected during the
172 preceding month under the provisions of this chapter, except that
173 collected under the provisions of Section 27-65-17(2) shall be
174 deposited into the Education Enhancement Fund created pursuant to
175 Section 37-61-33.

176 (9) On or before August 15, 1994, and each succeeding month
177 thereafter, from the revenue collected under this chapter during
178 the preceding month, Two Hundred Fifty Thousand Dollars
179 (\$250,000.00) shall be paid into the State Aid Road Fund.

180 (10) On or before August 15, 1994, and each succeeding month
181 thereafter through August 15, 1995, from the revenue collected
182 under this chapter during the preceding month, Two Million Dollars
183 (\$2,000,000.00) shall be deposited into the Motor Vehicle Ad
184 Valorem Tax Reduction Fund established in Section 27-51-105.

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

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

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

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

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

221 (16) It shall be the duty of the municipal officials of any
222 municipality which expands its limits, or of any community which
223 incorporates as a municipality, to notify the commissioner of such
224 action thirty (30) days before the effective date. Failure to so
225 notify the commissioner shall cause such municipality to forfeit
226 the revenue which it would have been entitled to receive during

227 this period of time when the commissioner had no knowledge of the
228 action. If any funds have been erroneously disbursed to any
229 municipality or any overpayment of tax is recovered by the
230 taxpayer, the commissioner may make correction and adjust the
231 error or overpayment with such municipality by withholding the
232 necessary funds from any subsequent payment to be made to the
233 municipality.

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

235 27-65-75. On or before the fifteenth day of each month, the
236 revenue collected under the provisions of this chapter during the
237 preceding month shall be paid and distributed as follows:

238 (1) On or before August 15, 1992, and each succeeding month
239 thereafter through July 15, 1993, eighteen percent (18%) of the
240 total sales tax revenue collected during the preceding month under
241 the provisions of this chapter, except that collected under the
242 provisions of Sections 27-65-15, 27-65-19(3) and 27-65-21, on
243 business activities within a municipal corporation shall be
244 allocated for distribution to such municipality and paid to such
245 municipal corporation. On or before August 15, 1993, and each
246 succeeding month thereafter, eighteen and one-half percent
247 (18-1/2%) of the total sales tax revenue collected during the
248 preceding month under the provisions of this chapter, except that
249 collected under the provisions of Sections 27-65-15, 27-65-19(3)
250 and 27-65-21, on business activities within a municipal
251 corporation shall be allocated for distribution to such
252 municipality and paid to such municipal corporation.

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

256 Monies allocated for distribution and credited to a municipal
257 corporation under this subsection may be pledged as security for
258 any loan received by the municipal corporation for the purpose of
259 capital improvements as authorized under Section 57-1-303, or

260 loans as authorized under Section 57-44-7, or water systems
261 improvements as authorized under Section 41-3-16.

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

269 (2) On or before September 15, 1987, and each succeeding
270 month thereafter, from the revenue collected under this chapter
271 during the preceding month One Million One Hundred Twenty-five
272 Thousand Dollars (\$1,125,000.00) shall be allocated for
273 distribution to municipal corporations as defined under subsection
274 (1) of this section in the proportion that the number of gallons
275 of gasoline and diesel fuel sold by distributors to consumers and
276 retailers in each such municipality during the preceding fiscal
277 year bears to the total gallons of gasoline and diesel fuel sold
278 by distributors to consumers and retailers in municipalities
279 statewide during the preceding fiscal year. The State Tax
280 Commission shall require all distributors of gasoline and diesel
281 fuel to report to the commission monthly the total number of
282 gallons of gasoline and diesel fuel sold by them to consumers and
283 retailers in each municipality during the preceding month. The
284 State Tax Commission shall have the authority to promulgate such
285 rules and regulations as is necessary to determine the number of
286 gallons of gasoline and diesel fuel sold by distributors to
287 consumers and retailers in each municipality. In determining the
288 percentage allocation of funds under this subsection for the
289 fiscal year beginning July 1, 1987, and ending June 30, 1988, the
290 State Tax Commission may consider gallons of gasoline and diesel
291 fuel sold for a period of less than one (1) fiscal year. For the
292 purposes of this subsection, the term "fiscal year" means the

293 fiscal year beginning July 1 of a year.

294 (3) (a) On or before September 15, 1987, and on or before
295 the fifteenth day of each succeeding month, until the date
296 specified in Section 65-39-35, the proceeds derived from
297 contractors' taxes levied under Section 27-65-21 on contracts for
298 the construction or reconstruction of highways designated under
299 the Four-Lane Highway Program created under Section 65-3-97 shall,
300 except as otherwise provided in Section 31-17-127, be deposited
301 into the State Treasury to the credit of the State Highway Fund to
302 be used to fund such Four-Lane Highway Program. The Mississippi
303 Department of Transportation shall provide to the State Tax
304 Commission such information as is necessary to determine the
305 amount of proceeds to be distributed under this subsection.

306 (b) On or before August 15, 2000, and on or before the
307 fifteenth day of each succeeding month, until the date specified
308 in Section 65-37-35, the proceeds derived from contractors' taxes
309 levied under Section 27-65-21 on contracts for the construction,
310 reconstruction, or maintenance of highways on the state maintained
311 highway system, other than highways designated under the Four-Lane
312 Highway Program created under Section 65-3-97, shall be deposited
313 into the State Treasury to the credit of the State Highway Fund to
314 be used to fund state maintained highways.

315 (4) On or before August 15, 1994, and on or before the
316 fifteenth day of each succeeding month through July 15, 1999, from
317 the proceeds of gasoline, diesel fuel or kerosene taxes as
318 provided in Section 27-5-101(a)(ii)1, Four Million Dollars
319 (\$4,000,000.00) shall be deposited in the State Treasury to the
320 credit of a special fund designated as the "State Aid Road Fund,"
321 created by Section 65-9-17. On or before August 15, 1999, and on
322 or before the fifteenth day of each succeeding month, from the
323 total amount of the proceeds of gasoline, diesel fuel or kerosene
324 taxes apportioned by Section 27-5-101(a)(ii), Four Million Dollars
325 (\$4,000,000.00) or an amount equal to twenty-three and one-fourth

326 percent (23.25%) of such funds, whichever is the greater amount,
327 shall be deposited in the State Treasury to the credit of the
328 "State Aid Road Fund," created by Section 65-9-17. Such funds
329 shall be pledged to pay the principal of and interest on state aid
330 road bonds heretofore issued under Sections 19-9-51 through
331 19-9-77, in lieu of and in substitution for the funds heretofore
332 allocated to counties under this section. Such funds may not be
333 pledged for the payment of any state aid road bonds issued after
334 April 1, 1981; however, this prohibition against the pledging of
335 any such funds for the payment of bonds shall not apply to any
336 bonds for which intent to issue such bonds has been published, for
337 the first time, as provided by law prior to March 29, 1981. From
338 the amount of taxes paid into the special fund pursuant to this
339 subsection and subsection (9) of this section, there shall be
340 first deducted and paid the amount necessary to pay the expenses
341 of the Office of State Aid Road Construction, as authorized by the
342 Legislature for all other general and special fund agencies. The
343 remainder of the fund shall be allocated monthly to the several
344 counties in accordance with the following formula:

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

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

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

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

358 The amount of funds allocated to any county under this

359 subsection for any fiscal year after fiscal year 1994 shall not be
360 less than the amount allocated to such county for fiscal year
361 1994. Monies allocated to a county from the State Aid Road Fund
362 for fiscal year 1995 or any fiscal year thereafter that exceed the
363 amount of funds allocated to that county from the State Aid Road
364 Fund for fiscal year 1994, first must be expended by the county
365 for replacement or rehabilitation of bridges on the state aid road
366 system that have a sufficiency rating of less than twenty-five
367 (25), according to National Bridge Inspection standards before
368 such monies may be approved for expenditure by the State Aid Road
369 Engineer on other projects that qualify for the use of state aid
370 road funds.

371 Any reference in the general laws of this state or the
372 Mississippi Code of 1972 to Section 27-5-105 shall mean and be
373 construed to refer and apply to subsection (4) of Section
374 27-65-75.

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

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

386 (7) On or before August 15, 1992, and each succeeding month
387 thereafter, two and two hundred sixty-six one-thousandths percent
388 (2.266%) of the total sales tax revenue collected during the
389 preceding month under the provisions of this chapter, except that
390 collected under the provisions of Section 27-65-17(2), not to
391 exceed the fiscal year 1997 appropriated level shall be deposited

392 by the commission into the School Ad Valorem Tax Reduction Fund
393 created pursuant to Section 37-61-35, with the balance to be
394 transferred to the Education Enhancement Fund created under
395 Section 37-61-33 for appropriation by the Legislature as other
396 education needs and not subject to the percentage set asides set
397 forth in Section 37-61-33.

398 (8) On or before August 15, 1992, and each succeeding month
399 thereafter, nine and seventy-three one-thousandths percent
400 (9.073%) of the total sales tax revenue collected during the
401 preceding month under the provisions of this chapter, except that
402 collected under the provisions of Section 27-65-17(2) shall be
403 deposited into the Education Enhancement Fund created pursuant to
404 Section 37-61-33.

405 (9) On or before August 15, 1994, and each succeeding month
406 thereafter, from the revenue collected under this chapter during
407 the preceding month, Two Hundred Fifty Thousand Dollars
408 (\$250,000.00) shall be paid into the State Aid Road Fund.

409 (10) On or before August 15, 1994, and each succeeding month
410 thereafter through August 15, 1995, from the revenue collected
411 under this chapter during the preceding month, Two Million Dollars
412 (\$2,000,000.00) shall be deposited into the Motor Vehicle Ad
413 Valorem Tax Reduction Fund established in Section 27-51-105.

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

420 (12) Notwithstanding any other provision of this section to
421 the contrary, on or before August 15, 1995, and each succeeding
422 month thereafter, the sales tax revenue collected during the
423 preceding month under the provisions of Section 27-65-17(1) on
424 retail sales of private carriers of passengers and light carriers

425 of property, as defined in Section 27-51-101, shall be deposited,
426 after diversion, into the Motor Vehicle Ad Valorem Tax Reduction
427 Fund established in Section 27-51-105.

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

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

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

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

458 municipality.

459 SECTION 2. This act shall take effect and be in force from
460 and after July 1, 2000.