

By: Warren

To: Education; Ways and  
MeansHOUSE BILL NO. 1486  
(As Passed the House)

1 AN ACT TO AMEND SECTIONS 27-65-75 AND 27-67-31, MISSISSIPPI  
2 CODE OF 1972, TO REVISE THE AMOUNT OF SALES AND USE TAX REVENUE  
3 DIVERTED TO THE SCHOOL AD VALOREM TAX REDUCTION FUND TO PROVIDE  
4 THAT THE AMOUNT DIVERTED TO SUCH FUND SHALL NOT EXCEED THE FISCAL  
5 YEAR 2000 APPROPRIATED LEVEL; TO PROVIDE THAT AMOUNTS IN EXCESS OF  
6 THE FISCAL YEAR 2000 APPROPRIATED LEVEL THAT WOULD HAVE OTHERWISE  
7 BEEN DIVERTED TO THE SCHOOL AD VALOREM TAX REDUCTION FUND SHALL BE  
8 DEPOSITED INTO THE EDUCATION ENHANCEMENT FUND FOR APPROPRIATION BY  
9 THE LEGISLATURE AS OTHER EDUCATION NEEDS; TO PROVIDE THAT THE  
10 PROCEEDS OF THE SALES TAX ON INTERSTATE TELECOMMUNICATIONS  
11 SERVICES SHALL BE DEPOSITED WITHOUT DIVERSION INTO THE  
12 TELECOMMUNICATIONS AD VALOREM TAX REDUCTION FUND; TO AMEND  
13 SECTIONS 37-61-33 AND 37-61-35, MISSISSIPPI CODE OF 1972, TO  
14 CONFORM TO THE PROVISIONS OF THIS ACT; AND FOR RELATED PURPOSES.

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

16 SECTION 1. Section 27-65-75, Mississippi Code of 1972, as  
17 amended by Senate Bill No. 2512, 2000 Regular Session, is amended  
18 as follows:

19 27-65-75. On or before the fifteenth day of each month, the  
20 revenue collected under the provisions of this chapter during the  
21 preceding month shall be paid and distributed as follows:

22 (1) On or before August 15, 1992, and each succeeding month  
23 thereafter through July 15, 1993, eighteen percent (18%) of the  
24 total sales tax revenue collected during the preceding month under  
25 the provisions of this chapter, except that collected under the  
26 provisions of Sections 27-65-15, 27-65-19(3) and 27-65-21, on  
27 business activities within a municipal corporation shall be  
28 allocated for distribution to such municipality and paid to such  
29 municipal corporation. On or before August 15, 1993, and each  
30 succeeding month thereafter, eighteen and one-half percent  
31 (18-1/2%) of the total sales tax revenue collected during the  
32 preceding month under the provisions of this chapter, except that

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

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

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

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

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

70 gallons of gasoline and diesel fuel sold by distributors to  
71 consumers and retailers in each municipality. In determining the  
72 percentage allocation of funds under this subsection for the  
73 fiscal year beginning July 1, 1987, and ending June 30, 1988, the  
74 State Tax Commission may consider gallons of gasoline and diesel  
75 fuel sold for a period of less than one (1) fiscal year. For the  
76 purposes of this subsection, the term "fiscal year" means the  
77 fiscal year beginning July 1 of a year.

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

90 (4) On or before August 15, 1994, and on or before the  
91 fifteenth day of each succeeding month through July 15, 1999, from  
92 the proceeds of gasoline, diesel fuel or kerosene taxes as  
93 provided in Section 27-5-101(a)(ii)1, Four Million Dollars  
94 (\$4,000,000.00) shall be deposited in the State Treasury to the  
95 credit of a special fund designated as the "State Aid Road Fund,"  
96 created by Section 65-9-17. On or before August 15, 1999, and on  
97 or before the fifteenth day of each succeeding month, from the  
98 total amount of the proceeds of gasoline, diesel fuel or kerosene  
99 taxes apportioned by Section 27-5-101(a)(ii), Four Million Dollars  
100 (\$4,000,000.00) or an amount equal to twenty-three and one-fourth  
101 percent (23.25%) of such funds, whichever is the greater amount,  
102 shall be deposited in the State Treasury to the credit of the

103 "State Aid Road Fund," created by Section 65-9-17. Such funds  
104 shall be pledged to pay the principal of and interest on state aid  
105 road bonds heretofore issued under Sections 19-9-51 through  
106 19-9-77, in lieu of and in substitution for the funds heretofore  
107 allocated to counties under this section. Such funds may not be  
108 pledged for the payment of any state aid road bonds issued after  
109 April 1, 1981; however, this prohibition against the pledging of  
110 any such funds for the payment of bonds shall not apply to any  
111 bonds for which intent to issue such bonds has been published, for  
112 the first time, as provided by law prior to March 29, 1981. From  
113 the amount of taxes paid into the special fund pursuant to this  
114 subsection and subsection (9) of this section, there shall be  
115 first deducted and paid the amount necessary to pay the expenses  
116 of the Office of State Aid Road Construction, as authorized by the  
117 Legislature for all other general and special fund agencies. The  
118 remainder of the fund shall be allocated monthly to the several  
119 counties in accordance with the following formula:

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

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

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

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

133 The amount of funds allocated to any county under this  
134 subsection for any fiscal year after fiscal year 1994 shall not be  
135 less than the amount allocated to such county for fiscal year

136 1994. Monies allocated to a county from the State Aid Road Fund  
137 for fiscal year 1995 or any fiscal year thereafter that exceed the  
138 amount of funds allocated to that county from the State Aid Road  
139 Fund for fiscal year 1994, first must be expended by the county  
140 for replacement or rehabilitation of bridges on the state aid road  
141 system that have a sufficiency rating of less than twenty-five  
142 (25), according to National Bridge Inspection standards before  
143 such monies may be approved for expenditure by the State Aid Road  
144 Engineer on other projects that qualify for the use of state aid  
145 road funds.

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

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

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

161 (7) On or before August 15, 1992, and each succeeding month  
162 thereafter through July 15, 2000, two and two hundred sixty-six  
163 one-thousandths percent (2.266%) of the total sales tax revenue  
164 collected during the preceding month under the provisions of this  
165 chapter, except that collected under the provisions of Section  
166 27-65-17(2) shall be deposited by the commission into the School  
167 Ad Valorem Tax Reduction Fund created pursuant to Section  
168 37-61-35. On or before August 15, 2000, and each succeeding month

169 thereafter, two and two hundred sixty-six one-thousandths percent  
170 (2.266%) of the total sales tax revenue collected during the  
171 preceding month under the provisions of this chapter, except that  
172 collected under the provisions of Section 27-65-17(2), shall be  
173 deposited as follows:

174 (a) An amount not to exceed the fiscal year 2000  
175 appropriated level shall be deposited into the School Ad Valorem  
176 Tax Reduction Fund created pursuant to Section 37-61-35, and

177 (b) The remainder shall be deposited into the Education  
178 Enhancement Fund created under Section 37-61-33 for appropriation  
179 by the Legislature as other education needs and shall not be  
180 subject to the percentage appropriation requirements set forth in  
181 Section 37-61-33.

182 (8) On or before August 15, 1992, and each succeeding month  
183 thereafter, nine and seventy-three one-thousandths percent  
184 (9.073%) of the total sales tax revenue collected during the  
185 preceding month under the provisions of this chapter, except that  
186 collected under the provisions of Section 27-65-17(2) shall be  
187 deposited into the Education Enhancement Fund created pursuant to  
188 Section 37-61-33.

189 (9) On or before August 15, 1994, and each succeeding month  
190 thereafter, from the revenue collected under this chapter during  
191 the preceding month, Two Hundred Fifty Thousand Dollars  
192 (\$250,000.00) shall be paid into the State Aid Road Fund.

193 (10) On or before August 15, 1994, and each succeeding month  
194 thereafter through August 15, 1995, from the revenue collected  
195 under this chapter during the preceding month, Two Million Dollars  
196 (\$2,000,000.00) shall be deposited into the Motor Vehicle Ad  
197 Valorem Tax Reduction Fund established in Section 27-51-105.

198 (11) Notwithstanding any other provision of this section to  
199 the contrary, on or before February 15, 1995, and each succeeding  
200 month thereafter, the sales tax revenue collected during the  
201 preceding month under the provisions of Section 27-65-17(2) and

202 the corresponding levy in Section 27-65-23 on the rental or lease  
203 of private carriers of passengers and light carriers of property  
204 as defined in Section 27-51-101 shall be deposited, without  
205 diversion, into the Motor Vehicle Ad Valorem Tax Reduction Fund  
206 established in Section 27-51-105.

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

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

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

231 (15) Notwithstanding any other provision of this section to  
232 the contrary, on or before September 15, 2000, and each succeeding  
233 month thereafter, the sales tax revenue collected during the  
234 preceding month under the provisions of Section 27-65-19(f), shall

235 be deposited, without diversion, into the Telecommunications Ad  
236 Valorem Tax Reduction Fund established in Section 4 of Senate Bill  
237 No. 2512, 2000 Regular Session.

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

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

254 SECTION 2. Section 27-67-31, Mississippi Code of 1972, is  
255 amended as follows:[LR1]

256 \* \* \*

257 27-67-31. All administrative provisions of the sales tax  
258 law, and amendments thereto, including those which fix damages,  
259 penalties and interest for failure to comply with the provisions  
260 of said sales tax law, and all other requirements and duties  
261 imposed upon taxpayer, shall apply to all persons liable for use  
262 taxes under the provisions of this article. The commissioner  
263 shall exercise all power and authority and perform all duties with  
264 respect to taxpayers under this article as are provided in said  
265 sales tax law, except where there is conflict, then the provisions  
266 of this article shall control.

267 The commissioner may require transportation companies to



268 permit the examination of waybills, freight bills, or other  
269 documents covering shipments of tangible personal property into  
270 this state.

271 On or before the fifteenth day of each month, the amount  
272 received from taxes, damages and interest under the provisions of  
273 this article during the preceding month shall be paid and  
274 distributed as follows:

275 (a) On or before July 15, 1994, through July 15, 2000,  
276 and each succeeding month thereafter, two and two hundred  
277 sixty-six one-thousandths percent (2.266%) of the total use tax  
278 revenue collected during the preceding month under the provisions  
279 of this article shall be deposited in the School Ad Valorem Tax  
280 Reduction Fund created pursuant to Section 37-61-35. On or before  
281 August 15, 2000, and each succeeding month thereafter, two and two  
282 hundred sixty-six one-thousandths percent (2.266%) of the total  
283 use tax revenue collected during the preceding month under the  
284 provisions of this chapter shall be deposited as follows:

285 (i) An amount not to exceed the fiscal year 2000  
286 appropriated level shall be deposited into the School Ad Valorem  
287 Tax Reduction Fund created pursuant to Section 37-61-35, and

288 (ii) The remainder shall be deposited into the  
289 Education Enhancement Fund created under Section 37-61-33 for  
290 appropriation by the Legislature as other education needs and  
291 shall not be subject to the percentage appropriation requirements  
292 set forth in Section 37-61-33.

293 (b) On or before July 15, 1994, and each succeeding  
294 month thereafter, nine and seventy-three one thousandths percent  
295 (9.073%) of the total use tax revenue collected during the  
296 preceding month under the provisions of this article shall be  
297 deposited into the Education Enhancement Fund created pursuant to  
298 Section 37-61-33.

299 (c) On or before July 15, 1997, and on or before the  
300 fifteenth day of each succeeding month thereafter, the revenue

301 collected under the provisions of this article imposed and levied  
302 as a result of Section 27-65-17(2) and the corresponding levy in  
303 Section 27-65-23 on the rental or lease of private carriers of  
304 passengers and light carriers of property as defined in Section  
305 27-51-101 shall be deposited into the Motor Vehicle Ad Valorem Tax  
306 Reduction Fund created pursuant to Section 27-51-105.

307 (d) On or before July 15, 1997, and on or before the  
308 fifteenth day of each succeeding month thereafter and after the  
309 deposits required by paragraphs (a) and (b) of this section are  
310 made, the remaining revenue collected under the provisions of this  
311 article imposed and levied as a result of Section 27-65-17(1) and  
312 the corresponding levy in Section 27-65-23 on the rental or lease  
313 of private carriers of passengers and light carriers of property  
314 as defined in Section 27-51-101 shall be deposited into the Motor  
315 Vehicle Ad Valorem Tax Reduction Fund created pursuant to Section  
316 27-51-105.

317 (e) The remainder of the amount received from taxes,  
318 damages and interest under the provisions of this article shall be  
319 paid into the General Fund of the State Treasury by the  
320 commissioner.

321 \* \* \*

322 SECTION 3. Section 37-61-33, Mississippi Code of 1972, is  
323 amended as follows:[HS2]

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

325 37-61-33. (1) There is hereby created within the State  
326 Treasury a special fund to be designated the "Education  
327 Enhancement Fund" into which shall be deposited all the revenues  
328 collected pursuant to Sections 27-65-75(7) and (8), 27-67-31(a)  
329 and (b) and 27-103-203(1).

330 (2) Of the amount deposited into the Education Enhancement  
331 Fund, excluding revenues deposited pursuant to Section  
332 27-103-203(1), Sixteen Million Dollars (\$16,000,000.00) shall be  
333 appropriated each fiscal year to the State Department of Education

334 to be distributed to all school districts. Such money shall be  
335 distributed to all school districts in the proportion that the  
336 average daily attendance of each school district bears to the  
337 average daily attendance of all school districts within the state  
338 for the following purposes:

339 (a) Purchasing, erecting, repairing, equipping,  
340 remodeling and enlarging school buildings and related facilities,  
341 including gymnasiums, auditoriums, lunchrooms, vocational training  
342 buildings, libraries, teachers' homes, school barns,  
343 transportation vehicles (which shall include new and used  
344 transportation vehicles) and garages for transportation vehicles,  
345 and purchasing land therefor.

346 (b) Establishing and equipping school athletic fields  
347 and necessary facilities connected therewith, and purchasing land  
348 therefor.

349 (c) Providing necessary water, light, heating, air  
350 conditioning and sewerage facilities for school buildings, and  
351 purchasing land therefor.

352 (d) As a pledge to pay all or a portion of the debt  
353 service on debt issued by the school district under Sections  
354 37-59-1 through 37-59-45, 37-59-101 through 37-59-115, 37-7-351  
355 through 37-7-359, 37-41-89 through 37-41-99, 37-7-301, 37-7-302  
356 and 37-41-81, Mississippi Code of 1972, or debt issued by boards  
357 of supervisors for agricultural high schools pursuant to Section  
358 37-27-65, Mississippi Code of 1972, if such pledge is accomplished  
359 pursuant to a written contract or resolution approved and spread  
360 upon the minutes of an official meeting of the district's school  
361 board or board of supervisors. The annual grant to such district  
362 in any subsequent year during the term of the resolution or  
363 contract shall not be reduced below an amount equal to the  
364 district's grant amount for the year in which the contract or  
365 resolution was adopted. The intent of this provision is to allow  
366 school districts to irrevocably pledge a certain, constant stream

367 of revenue as security for long-term obligations issued under the  
368 code sections enumerated in this paragraph or as otherwise allowed  
369 by law. It is the intent of the Legislature that the provisions  
370 of this paragraph shall be cumulative and supplemental to any  
371 existing funding programs or other authority conferred upon school  
372 districts or school boards. Debt of a district secured by a  
373 pledge of sales tax revenue pursuant to this paragraph shall not  
374 be subject to any debt limitation contained in the foregoing  
375 enumerated code sections.

376 (3) The remainder of the money deposited into the Education  
377 Enhancement Fund, excluding funds deposited pursuant to Section  
378 27-103-203(1), shall be appropriated as follows:

379 (a) To the State Department of Education as follows:

380 (i) Eight and thirty-five one-hundredths percent  
381 (8.35%) to be distributed to public school districts for the  
382 funding of textbooks and other educational materials and to be  
383 used by the State Department of Education for the purchase of  
384 textbooks to be loaned under Sections 37-43-1 through 37-43-59 to  
385 approved nonpublic schools, as described under Section 37-43-1.  
386 The amount of funds under this item to be used by the department  
387 for purchasing textbooks to loan to approved nonpublic schools  
388 shall be in the proportion that the average daily attendance of  
389 the nonpublic schools that are loaned textbooks by the state bears  
390 to the average daily attendance of all school districts in the  
391 state. The funds distributed to the school districts under this  
392 item shall be in the proportion that the average daily attendance  
393 of each school district bears to the average daily attendance of  
394 all school districts within the state and shall be used to assist  
395 in the funding of textbooks and other educational materials, to  
396 include not more than Two Million Dollars (\$2,000,000.00) each  
397 year for technology enhancement projects for elementary and  
398 secondary education programs;

399 (ii) Seven and ninety-seven one-hundredths percent

400 (7.97%) to assist the funding of transportation operations and  
401 maintenance pursuant to Section 37-19-23;

402 (iii) Eight and twenty-six one-hundredths percent  
403 (8.26%) to assist the funding of the Uniform Millage Assistance  
404 Grant Program pursuant to Section 37-22-1; and

405 (iv) Nine and sixty-one one-hundredths percent  
406 (9.61%) for classroom supplies, instructional materials and  
407 equipment, including computers and computer software, to be  
408 distributed to all school districts in the proportion that the  
409 average daily attendance of each school district bears to the  
410 average daily attendance of all school districts within the state.  
411 Such funds shall not be expended for administrative purposes.  
412 Local school districts shall allocate classroom supply funds  
413 equally among all classroom teachers in the school district. For  
414 purposes of this subparagraph, "teacher" shall mean any employee  
415 of the school board of a school district who is required by law to  
416 obtain a teacher's license from the State Board of Education and  
417 who is assigned to an instructional area of work as defined by the  
418 State Department of Education, but shall not include a federally  
419 funded teacher. Two (2) or more teachers may agree to pool their  
420 classroom supply funds for the benefit of a school within the  
421 district pursuant to the development of a spending plan that  
422 supports the overall goals of the school which includes the type,  
423 quantity and quality of such supplies, instructional materials,  
424 equipment, computers or computer software. This plan shall be  
425 submitted, in writing, to the school principal for approval.  
426 Classroom supply funds allocated under this subparagraph shall  
427 supplement, not replace, other local and state funds available for  
428 the same purposes. School districts need not fully expend the  
429 funds received under this subparagraph in the year in which they  
430 are received, but such funds may be carried forward for  
431 expenditure in any succeeding school year. The State Board of  
432 Education shall develop and promulgate rules and regulations for

433 the administration of this subparagraph consistent with the above  
434 criteria, with particular emphasis on allowing the individual  
435 teachers to expend funds as they deem appropriate, with minimum  
436 input from school principals;

437 (b) Twenty-two and nine one-hundredths percent (22.09%)  
438 to the Board of Trustees of State Institutions of Higher Learning  
439 for the purpose of supporting institutions of higher learning; and

440 (c) Fourteen and forty-one one-hundredths percent  
441 (14.41%) to the State Board for Community and Junior Colleges for  
442 the purpose of providing support to community and junior colleges.

443 (4) The amount remaining in the Education Enhancement Fund  
444 after funds are distributed as provided in subsections (2) and (3)  
445 of this section, excluding funds deposited pursuant to Section  
446 27-103-203(1), shall be disbursed as follows:

447 (a) Twenty-five Million Dollars (\$25,000,000.00) shall  
448 be deposited into the Working Cash-Stabilization Reserve Fund  
449 created pursuant to Section 27-103-203(1), until the balance in  
450 such fund reaches the maximum balance of seven and one-half  
451 percent (7-1/2%) of the General Fund appropriations in the  
452 appropriate fiscal year. After the maximum balance in the Working  
453 Cash-Stabilization Reserve Fund is reached, such money shall  
454 remain in the Education Enhancement Fund to be appropriated in the  
455 manner provided for in paragraph (b) of this section.

456 (b) The remainder shall be appropriated for other  
457 educational needs.

458 (5) None of the funds appropriated pursuant to subsection  
459 (3)(a) of this section shall be used to reduce the state's general  
460 fund appropriation for the categories listed in an amount below  
461 the following amounts:

462 (a) For subsection (3)(a)(i) of this section, Six  
463 Million Three Hundred Thirty Thousand Nine Hundred Twenty Dollars  
464 (\$6,330,920.00);

465 (b) For subsection (3)(a)(ii) of this section

466 Thirty-six Million Seven Hundred Thousand Dollars

467 (\$36,700,000.00);

468 (c) For subsection (3(a)(iii) of this section,  
469 Twenty-one Million Four Hundred Thousand Dollars (\$21,400,000.00);  
470 and

471 (d) For the aggregate of minimum program allotments  
472 provided for in Chapter 19, Title 37, Mississippi Code of 1972, as  
473 amended, excluding those funds for transportation as provided for  
474 in subsection (5)(b) herein.

475 (6) At the end of a fiscal year such amounts as required by  
476 Section 27-103-203(1) to be transferred to the Education  
477 Enhancement Fund shall be deposited into said Education  
478 Enhancement Fund and shall be kept separate from other monies in  
479 the fund by the State Treasurer. Beginning with the 1994 fiscal  
480 year the monies in such special fund deposited pursuant to said  
481 Section 27-103-203(1) shall be subject to appropriation by the  
482 Legislature in the following manner: (a) fifty percent (50%) to  
483 support public education, including but not limited to, Grades K  
484 through 12, Mississippi Educational Television and/or the  
485 Mississippi Library Commission; (b) twenty-five percent (25%) to  
486 support institutions of higher learning; and (c) twenty-five  
487 percent (25%) to support the junior or community colleges. Any  
488 amount of such monies transferred into said separate fund pursuant  
489 to Section 27-103-203(1) which are not appropriated by the  
490 Legislature shall not lapse but shall carry over and be subject to  
491 appropriation by the Legislature in the succeeding fiscal year in  
492 the same manner provided in this subsection (6). The interest  
493 earned on the investment of such monies transferred pursuant to  
494 Section 27-103-203(1) shall be paid into said separate fund within  
495 the Education Enhancement Fund.

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

497 37-61-33. (1) There is hereby created within the State  
498 Treasury a special fund to be designated the "Education

499 Enhancement Fund" into which shall be deposited all the revenues  
500 collected pursuant to Sections 27-65-75(7) and (8), 27-67-31(a)  
501 and (b) and 27-103-203(1).

502 (2) Of the amount deposited into the Education Enhancement  
503 Fund, excluding revenues deposited pursuant to Section  
504 27-103-203(1), Sixteen Million Dollars (\$16,000,000.00) shall be  
505 appropriated each fiscal year to the State Department of Education  
506 to be distributed to all school districts. Such money shall be  
507 distributed to all school districts in the proportion that the  
508 average daily attendance of each school district bears to the  
509 average daily attendance of all school districts within the state  
510 for the following purposes:

511 (a) Purchasing, erecting, repairing, equipping,  
512 remodeling and enlarging school buildings and related facilities,  
513 including gymnasiums, auditoriums, lunchrooms, vocational training  
514 buildings, libraries, teachers' homes, school barns,  
515 transportation vehicles (which shall include new and used  
516 transportation vehicles) and garages for transportation vehicles,  
517 and purchasing land therefor.

518 (b) Establishing and equipping school athletic fields  
519 and necessary facilities connected therewith, and purchasing land  
520 therefor.

521 (c) Providing necessary water, light, heating, air  
522 conditioning and sewerage facilities for school buildings, and  
523 purchasing land therefor.

524 (d) As a pledge to pay all or a portion of the debt  
525 service on debt issued by the school district under Sections  
526 37-59-1 through 37-59-45, 37-59-101 through 37-59-115, 37-7-351  
527 through 37-7-359, 37-41-89 through 37-41-99, 37-7-301, 37-7-302  
528 and 37-41-81, Mississippi Code of 1972, or debt issued by boards  
529 of supervisors for agricultural high schools pursuant to Section  
530 37-27-65, Mississippi Code of 1972, if such pledge is accomplished  
531 pursuant to a written contract or resolution approved and spread



532 upon the minutes of an official meeting of the district's school  
533 board or board of supervisors. The annual grant to such district  
534 in any subsequent year during the term of the resolution or  
535 contract shall not be reduced below an amount equal to the  
536 district's grant amount for the year in which the contract or  
537 resolution was adopted. The intent of this provision is to allow  
538 school districts to irrevocably pledge a certain, constant stream  
539 of revenue as security for long-term obligations issued under the  
540 code sections enumerated in this paragraph or as otherwise allowed  
541 by law. It is the intent of the Legislature that the provisions  
542 of this paragraph shall be cumulative and supplemental to any  
543 existing funding programs or other authority conferred upon school  
544 districts or school boards. Debt of a district secured by a  
545 pledge of sales tax revenue pursuant to this paragraph shall not  
546 be subject to any debt limitation contained in the foregoing  
547 enumerated code sections.

548 (3) The remainder of the money deposited into the Education  
549 Enhancement Fund, excluding funds deposited pursuant to Section  
550 27-103-203(1), shall be appropriated as follows:

551 (a) To the State Department of Education as follows:

552 (i) Sixteen and sixty-one one-hundredths percent  
553 (16.61%) to the cost of the adequate education program determined  
554 under Section 37-151-7;

555 (ii) Seven and ninety-seven one-hundredths percent  
556 (7.97%) to assist the funding of transportation operations and  
557 maintenance pursuant to Section 37-19-23; and

558 (iii) Nine and sixty-one one-hundredths percent  
559 (9.61%) for classroom supplies, instructional materials and  
560 equipment, including computers and computer software, to be  
561 distributed to all school districts in the proportion that the  
562 average daily attendance of each school district bears to the  
563 average daily attendance of all school districts within the state.

564 It is the intent of the Legislature that all classroom teachers

565 shall be involved in the development of a spending plan that  
566 addresses individual classroom needs and supports the overall  
567 goals of the school regarding supplies, instructional materials,  
568 equipment, computers or computer software under the provisions of  
569 this subparagraph, including the type, quantity and quality of  
570 such supplies, materials and equipment. This plan shall be  
571 submitted to the school principal for approval. School districts  
572 need not fully expend the funds received under this subparagraph  
573 in the year in which they are received, but such funds may be  
574 carried forward for expenditure in any succeeding school year.

575           (b) Twenty-two and nine one-hundredths percent (22.09%)  
576 to the Board of Trustees of State Institutions of Higher Learning  
577 for the purpose of supporting institutions of higher learning, and  
578 fourteen and forty-one one-hundredths percent (14.41%) to the  
579 State Board for Community and Junior Colleges for the purpose of  
580 providing support to community and junior colleges.

581           (4) The amount remaining in the Education Enhancement Fund  
582 after funds are distributed as provided in subsections (2) and (3)  
583 of this section, excluding funds deposited pursuant to Section  
584 27-103-203(1), shall be disbursed as follows:

585           (a) Twenty-five Million Dollars (\$25,000,000.00) shall  
586 be deposited into the Working Cash-Stabilization Reserve Fund  
587 created pursuant to Section 27-103-203(1), until the balance in  
588 such fund reaches the maximum balance of seven and one-half  
589 percent (7-1/2%) of the General Fund appropriations in the  
590 appropriate fiscal year. After the maximum balance in the Working  
591 Cash-Stabilization Reserve Fund is reached, such money shall  
592 remain in the Education Enhancement Fund to be appropriated in the  
593 manner provided for in paragraph (b) of this section.

594           (b) The remainder shall be appropriated for other  
595 educational needs.

596           (5) None of the funds appropriated pursuant to subsection  
597 (3)(a) of this section shall be used to reduce the state's general

598 fund appropriation for the categories listed in an amount below  
599 the following amounts:

600 (a) For subsection (3)(a)(ii) of this section  
601 Thirty-six Million Seven Hundred Thousand Dollars  
602 (\$36,700,000.00);

603 (b) For the aggregate of minimum program allotments in  
604 the 1997 fiscal year, formerly provided for in Chapter 19, Title  
605 37, Mississippi Code of 1972, as amended, excluding those funds  
606 for transportation as provided for in subsection (5)(a) herein.

607 (6) At the end of a fiscal year such amounts as required by  
608 Section 27-103-203(1) to be transferred to the Education  
609 Enhancement Fund shall be deposited into said Education  
610 Enhancement Fund and shall be kept separate from other monies in  
611 the fund by the State Treasurer. Beginning with the 1994 fiscal  
612 year the monies in such special fund deposited pursuant to said  
613 Section 27-103-203(1) shall be subject to appropriation by the  
614 Legislature in the following manner: (a) fifty percent (50%) to  
615 support public education, including but not limited to, Grades K  
616 through 12, Mississippi Educational Television and/or the  
617 Mississippi Library Commission; (b) twenty-five percent (25%) to  
618 support institutions of higher learning; and (c) twenty-five  
619 percent (25%) to support the junior or community colleges. Any  
620 amount of such monies transferred into said separate fund pursuant  
621 to Section 27-103-203(1) which are not appropriated by the  
622 Legislature shall not lapse but shall carry over and be subject to  
623 appropriation by the Legislature in the succeeding fiscal year in  
624 the same manner provided in this subsection (6). The interest  
625 earned on the investment of such monies transferred pursuant to  
626 Section 27-103-203(1) shall be paid into said separate fund within  
627 the Education Enhancement Fund.

628 SECTION 4. Section 37-61-35, Mississippi Code of 1972, is  
629 amended as follows:[HS3]

630 37-61-35. There is hereby created a special fund in the

631 State Treasury to be designated School Ad Valorem Tax Reduction  
632 Fund into which proceeds collected pursuant to Sections  
633 27-65-75(7) and 27-67-31(a) shall be deposited. Beginning with  
634 the 1994 state fiscal year, the entire amount of monies in such  
635 special fund shall be appropriated annually to the State  
636 Department of Education which shall distribute the appropriated  
637 amount to the various school districts in the proportion that the  
638 average daily attendance of each school district bears to the  
639 average daily attendance of all school districts within the state.  
640 On or before June 1, 1993, and on or before June 1 of each  
641 succeeding year, the State Department of Education shall notify  
642 each school district of the amount to which such district is  
643 entitled pursuant to this section.

644 SECTION 5. This act shall take effect and be in force from  
645 and after July 1, 2000.