

By: Bryan

To: Finance

## SENATE BILL NO. 3102

1 AN ACT TO CREATE A SPECIAL FUND IN THE STATE TREASURY TO BE  
2 DESIGNATED AS THE MUNICIPAL SALES TAX DIVERSION LAWSUIT  
3 CONTINGENCY FUND; TO PROVIDE THAT MONEY IN SUCH FUND SHALL BE USED  
4 FOR THE PURPOSE OF PAYING ANY DAMAGES THAT MAY BE AWARDED THE  
5 PLAINTIFFS IN ANY LAWSUIT CHALLENGING THE METHOD EMPLOYED BY THE  
6 STATE TAX COMMISSION TO CALCULATE PAYMENTS MADE TO MUNICIPALITIES  
7 UNDER THE PROVISIONS OF SECTION 27-65-75, MISSISSIPPI CODE OF  
8 1972; TO AMEND SECTION 75-65-75, MISSISSIPPI CODE OF 1972, TO  
9 REDUCE THE SALES TAX DIVERSION TO MUNICIPALITIES TO 16-1/2% OF THE  
10 SALES TAX COLLECTED ON BUSINESS ACTIVITIES WITHIN A MUNICIPALITY  
11 UNTIL SUCH TIME AS THE BALANCE IN THE MUNICIPAL SALES TAX  
12 DIVERSION LAWSUIT CONTINGENCY FUND REACHES \$200,000,000.00; TO  
13 PROVIDE THAT 2% OF THE SALES TAX COLLECTED ON BUSINESS ACTIVITIES  
14 WITHIN A MUNICIPALITY SHALL BE DEPOSITED INTO THE MUNICIPAL SALES  
15 TAX DIVERSION LAWSUIT CONTINGENCY FUND UNTIL SUCH TIME AS THE  
16 BALANCE IN THE MUNICIPAL SALES TAX DIVERSION LAWSUIT CONTINGENCY  
17 FUND REACHES \$200,000,000.00; TO PROVIDE THAT AFTER THE BALANCE IN  
18 THE MUNICIPAL SALES TAX DIVERSION LAWSUIT CONTINGENCY FUND REACHES  
19 \$200,000,000.00 THE SALES TAX DIVERSION TO MUNICIPALITIES SHALL  
20 INCREASE TO 18-1/2% OF THE SALES TAX COLLECTED ON BUSINESS  
21 ACTIVITIES WITHIN A MUNICIPALITY; AND FOR RELATED PURPOSES.

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

23 SECTION 1. There is hereby created in the State Treasury a  
24 special fund to be designated as the "Municipal Sales Tax  
25 Diversion Lawsuit Contingency Fund" into which shall be deposited  
26 the money required to be deposited into such fund pursuant to  
27 Section 27-65-75(1). The money in the fund shall be used for the  
28 purpose of paying any damages that may be awarded the plaintiffs  
29 in the case of City of Amory, et al. v. Mississippi State Tax  
30 Commission, et al., No. 251-99-001127 Civ, or any other lawsuit  
31 challenging the method employed by the State Tax Commission to  
32 calculate payments made to municipalities under the provisions of  
33 Section 27-65-75, Mississippi Code of 1972. Money in the fund  
34 shall be expended upon appropriation by the Legislature.  
35 Unexpended amounts remaining in the fund at the end of the state

36 fiscal year shall not lapse into the General Fund, and any  
37 interest earned on amounts in the fund shall be deposited to the  
38 credit of the fund. The State Treasurer shall notify the State  
39 Tax Commission at such time the balance in the fund reaches Two  
40 Hundred Million Dollars (\$200,000,000.00).

41 SECTION 2. Section 27-65-75, Mississippi Code of 1972, is  
42 amended as follows:[WAN1]

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

44 27-65-75. On or before the fifteenth day of each month, the  
45 revenue collected under the provisions of this chapter during the  
46 preceding month shall be paid and distributed as follows:

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

55 (b) On or before August 15, 1993, and each  
56 succeeding month thereafter through July 15, 2000, eighteen and  
57 one-half percent (18-1/2%) of the total sales tax revenue  
58 collected during the preceding month under the provisions of this  
59 chapter, except that collected under the provisions of Sections  
60 27-65-15, 27-65-19(3) and 27-65-21, on business activities within  
61 a municipal corporation shall be allocated for distribution to  
62 such municipality and paid to such municipal corporation.\_

63 (c) On or before August 15, 2000, and each  
64 succeeding month thereafter until such time as the balance in the  
65 Municipal Sales Tax Diversion Lawsuit Contingency Fund created in  
66 Section 1 of Senate Bill No. \_\_\_\_\_, 2000 Regular Session, reaches a  
67 balance of Two Hundred Million Dollars (\$200,000,000.00), sixteen  
68 and one-half percent (16-1/2%) of the total sales tax revenue  
69 collected during the preceding month under the provisions of this  
70 chapter, except that collected under the provisions of Sections  
71 27-65-15, 27-65-19(3) and 27-65-21, on business activities within  
72 a municipal corporation shall be allocated for distribution to

73 such municipality and paid to such municipal corporation.

74 (d) On or before August 15, 2000, and each  
75 succeeding month thereafter until such time as the balance in the  
76 Municipal Sales Tax Diversion Lawsuit Contingency Fund created in  
77 Section 1 of Senate Bill No. \_\_\_\_\_, 2000 Regular Session, reaches a  
78 balance of Two Hundred Million Dollars (\$200,000,000.00), two  
79 percent (2%) of the total sales tax revenue collected during the  
80 preceding month under the provisions of this chapter, except that  
81 collected under the provisions of Sections 27-65-15, 27-65-19(3)  
82 and 27-65-21, on business activities within a municipal  
83 corporation shall be deposited into the Municipal Sales Tax  
84 Diversion Lawsuit Contingency Fund created in Section 1 of Senate  
85 Bill No. \_\_\_\_\_, 2000 Regular Session.

86 (e) On the fifteenth of the month following the  
87 date upon which the balance in the Municipal Sales Tax Diversion  
88 Lawsuit Contingency Fund created in Section 1 of Senate Bill No.  
89 \_\_\_\_\_, 2000 Regular Session, reaches a balance of Two Hundred  
90 Million Dollars (\$200,000,000.00), and each succeeding month  
91 thereafter, eighteen and one-half percent (18-1/2%) of the total  
92 sales tax revenue collected during the preceding month under the  
93 provisions of this chapter, except that collected under the  
94 provisions of Sections 27-65-15, 27-65-19(3) and 27-65-21, on  
95 business activities within a municipal corporation shall be  
96 allocated for distribution to such municipality and paid to such  
97 municipal corporation.

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

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

106 improvements as authorized under Section 41-3-16.

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

114           (2) On or before September 15, 1987, and each  
115 succeeding month thereafter, from the revenue collected under this  
116 chapter during the preceding month One Million One Hundred  
117 Twenty-five Thousand Dollars (\$1,125,000.00) shall be allocated  
118 for distribution to municipal corporations as defined under  
119 subsection (1) of this section in the proportion that the number  
120 of gallons of gasoline and diesel fuel sold by distributors to  
121 consumers and retailers in each such municipality during the  
122 preceding fiscal year bears to the total gallons of gasoline and  
123 diesel fuel sold by distributors to consumers and retailers in  
124 municipalities statewide during the preceding fiscal year. The  
125 State Tax Commission shall require all distributors of gasoline  
126 and diesel fuel to report to the commission monthly the total  
127 number of gallons of gasoline and diesel fuel sold by them to  
128 consumers and retailers in each municipality during the preceding  
129 month. The State Tax Commission shall have the authority to  
130 promulgate such rules and regulations as is necessary to determine  
131 the number of gallons of gasoline and diesel fuel sold by  
132 distributors to consumers and retailers in each municipality. In  
133 determining the percentage allocation of funds under this  
134 subsection for the fiscal year beginning July 1, 1987, and ending  
135 June 30, 1988, the State Tax Commission may consider gallons of  
136 gasoline and diesel fuel sold for a period of less than one (1)  
137 fiscal year. For the purposes of this subsection, the term  
138 "fiscal year" means the fiscal year beginning July 1 of a year.

139           (3) On or before September 15, 1987, and on or before  
140 the fifteenth day of each succeeding month, until the date  
141 specified in Section 65-39-35, the proceeds derived from  
142 contractors' taxes levied under Section 27-65-21 on contracts for  
143 the construction or reconstruction of highways designated under  
144 the Four-Lane Highway Program created under Section 65-3-97 shall,  
145 except as otherwise provided in Section 31-17-127, be deposited  
146 into the State Treasury to the credit of the State Highway Fund to  
147 be used to fund such Four-Lane Highway Program. The Mississippi  
148 Department of Transportation shall provide to the State Tax  
149 Commission such information as is necessary to determine the  
150 amount of proceeds to be distributed under this subsection.

151           (4) On or before August 15, 1994, and on or before the  
152 fifteenth day of each succeeding month through July 15, 1999, from  
153 the proceeds of gasoline, diesel fuel or kerosene taxes as  
154 provided in Section 27-5-101(a)(ii)1, Four Million Dollars  
155 (\$4,000,000.00) shall be deposited in the State Treasury to the  
156 credit of a special fund designated as the "State Aid Road Fund,"  
157 created by Section 65-9-17. On or before August 15, 1999, and on  
158 or before the fifteenth day of each succeeding month, from the  
159 total amount of the proceeds of gasoline, diesel fuel or kerosene  
160 taxes apportioned by Section 27-5-101(a)(ii), Four Million Dollars  
161 (\$4,000,000.00) or an amount equal to twenty-three and one-fourth  
162 percent (23.25%) of such funds, whichever is the greater amount,  
163 shall be deposited in the State Treasury to the credit of the  
164 "State Aid Road Fund," created by Section 65-9-17. Such funds  
165 shall be pledged to pay the principal of and interest on state aid  
166 road bonds heretofore issued under Sections 19-9-51 through  
167 19-9-77, in lieu of and in substitution for the funds heretofore  
168 allocated to counties under this section. Such funds may not be  
169 pledged for the payment of any state aid road bonds issued after  
170 April 1, 1981; however, this prohibition against the pledging of  
171 any such funds for the payment of bonds shall not apply to any

172 bonds for which intent to issue such bonds has been published, for  
173 the first time, as provided by law prior to March 29, 1981. From  
174 the amount of taxes paid into the special fund pursuant to this  
175 subsection and subsection (9) of this section, there shall be  
176 first deducted and paid the amount necessary to pay the expenses  
177 of the Office of State Aid Road Construction, as authorized by the  
178 Legislature for all other general and special fund agencies. The  
179 remainder of the fund shall be allocated monthly to the several  
180 counties in accordance with the following formula:

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

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

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

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

194 The amount of funds allocated to any county under this  
195 subsection for any fiscal year after fiscal year 1994 shall not be  
196 less than the amount allocated to such county for fiscal year  
197 1994. Monies allocated to a county from the State Aid Road Fund  
198 for fiscal year 1995 or any fiscal year thereafter that exceed the  
199 amount of funds allocated to that county from the State Aid Road  
200 Fund for fiscal year 1994, first must be expended by the county  
201 for replacement or rehabilitation of bridges on the state aid road  
202 system that have a sufficiency rating of less than twenty-five  
203 (25), according to National Bridge Inspection standards before  
204 such monies may be approved for expenditure by the State Aid Road

205 Engineer on other projects that qualify for the use of state aid  
206 road funds.

207 Any reference in the general laws of this state or the  
208 Mississippi Code of 1972 to Section 27-5-105 shall mean and be  
209 construed to refer and apply to subsection (4) of Section  
210 27-65-75.

211 (5) One Million Six Hundred Sixty-six Thousand Six  
212 Hundred Sixty-six Dollars (\$1,666,666.00) each month shall be paid  
213 into the special fund known as the "State Public School Building  
214 Fund" created and existing under the provisions of Sections  
215 37-47-1 through 37-47-67. Such payments into said fund are to be  
216 made on the last day of each succeeding month hereafter.

217 (6) An amount each month beginning August 15, 1983,  
218 through November 15, 1986, as specified in Section 6 of Chapter  
219 542, Laws of 1983, shall be paid into the special fund known as  
220 the Correctional Facilities Construction Fund created in Section 6  
221 of Chapter 542, Laws of 1983.

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

229 (8) On or before August 15, 1992, and each succeeding  
230 month thereafter, nine and seventy-three one-thousandths percent  
231 (9.073%) of the total sales tax revenue collected during the  
232 preceding month under the provisions of this chapter, except that  
233 collected under the provisions of Section 27-65-17(2) shall be  
234 deposited into the Education Enhancement Fund created pursuant to  
235 Section 37-61-33.

236 (9) On or before August 15, 1994, and each succeeding  
237 month thereafter, from the revenue collected under this chapter

238 during the preceding month, Two Hundred Fifty Thousand Dollars  
239 (\$250,000.00) shall be paid into the State Aid Road Fund.

240 (10) On or before August 15, 1994, and each succeeding  
241 month thereafter through August 15, 1995, from the revenue  
242 collected under this chapter during the preceding month, Two  
243 Million Dollars (\$2,000,000.00) shall be deposited into the Motor  
244 Vehicle Ad Valorem Tax Reduction Fund established in Section  
245 27-51-105.

246 (11) Notwithstanding any other provision of this  
247 section to the contrary, on or before February 15, 1995, and each  
248 succeeding month thereafter, the sales tax revenue collected  
249 during the preceding month under the provisions of Section  
250 27-65-17(2) and the corresponding levy in Section 27-65-23 on the  
251 rental or lease of private carriers of passengers and light  
252 carriers of property as defined in Section 27-51-101 shall be  
253 deposited, without diversion, into the Motor Vehicle Ad Valorem  
254 Tax Reduction Fund established in Section 27-51-105.

255 (12) Notwithstanding any other provision of this  
256 section to the contrary, on or before August 15, 1995, and each  
257 succeeding month thereafter, the sales tax revenue collected  
258 during the preceding month under the provisions of Section  
259 27-65-17(1) on retail sales of private carriers of passengers and  
260 light carriers of property, as defined in Section 27-51-101 and  
261 the corresponding levy in Section 27-65-23 on the rental or lease  
262 of these vehicles, shall be deposited, after diversion, into the  
263 Motor Vehicle Ad Valorem Tax Reduction Fund established in Section  
264 27-51-105.

265 (13) On or before July 15, 1994, and on or before the  
266 fifteenth day of each succeeding month thereafter, that portion of  
267 the avails of the tax imposed in Section 27-65-22, which is  
268 derived from activities held on the Mississippi state fairgrounds  
269 complex, shall be paid into a special fund hereby created in the  
270 State Treasury and shall be expended pursuant to legislative



271 appropriations solely to defray the costs of repairs and  
272 renovation at such Trade Mart and Coliseum.

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

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

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

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

297 27-65-75. On or before the fifteenth day of each month, the  
298 revenue collected under the provisions of this chapter during the  
299 preceding month shall be paid and distributed as follows:

300 (1) (a) On or before August 15, 1992, and each  
301 succeeding month thereafter through July 15, 1993, eighteen  
302 percent (18%) of the total sales tax revenue collected during the  
303 preceding month under the provisions of this chapter, except that

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

308 (b) On or before August 15, 1993, and each  
309 succeeding month thereafter through July 15, 2000, eighteen and  
310 one-half percent (18-1/2%) of the total sales tax revenue  
311 collected during the preceding month under the provisions of this  
312 chapter, except that collected under the provisions of Sections  
313 27-65-15, 27-65-19(3) and 27-65-21, on business activities within  
314 a municipal corporation shall be allocated for distribution to  
315 such municipality and paid to such municipal corporation.

316 (c) On or before August 15, 2000, and each  
317 succeeding month thereafter until such time as the balance in the  
318 Municipal Sales Tax Diversion Lawsuit Contingency Fund created in  
319 Section 1 of Senate Bill No. \_\_\_\_\_, 2000 Regular Session, reaches a  
320 balance of Two Hundred Million Dollars (\$200,000,000.00), sixteen  
321 and one-half percent (16-1/2%) of the total sales tax revenue  
322 collected during the preceding month under the provisions of this  
323 chapter, except that collected under the provisions of Sections  
324 27-65-15, 27-65-19(3) and 27-65-21, on business activities within  
325 a municipal corporation shall be allocated for distribution to  
326 such municipality and paid to such municipal corporation.

327 (d) On or before August 15, 2000, and each  
328 succeeding month thereafter until such time as the balance in the  
329 Municipal Sales Tax Diversion Lawsuit Contingency Fund created in  
330 Section 1 of Senate Bill No. \_\_\_\_\_, 2000 Regular Session, reaches a  
331 balance of Two Hundred Million Dollars (\$200,000,000.00), two  
332 percent (2%) of the total sales tax revenue collected during the  
333 preceding month under the provisions of this chapter, except that  
334 collected under the provisions of Sections 27-65-15, 27-65-19(3)  
335 and 27-65-21, on business activities within a municipal  
336 corporation shall be deposited into the Municipal Sales Tax

337 Diversion Lawsuit Contingency Fund created in Section 1 of Senate  
338 Bill No. \_\_\_\_\_, 2000 Regular Session.

339           (e) On the fifteenth of the month following the  
340 date upon which the balance in the Municipal Sales Tax Diversion  
341 Lawsuit Contingency Fund created in Section 1 of Senate Bill No.  
342 \_\_\_\_\_, 2000 Regular Session, reaches a balance of Two Hundred  
343 Million Dollars (\$200,000,000.00), and each succeeding month  
344 thereafter, eighteen and one-half percent (18-1/2%) of the total  
345 sales tax revenue collected during the preceding month under the  
346 provisions of this chapter, except that collected under the  
347 provisions of Sections 27-65-15, 27-65-19(3) and 27-65-21, on  
348 business activities within a municipal corporation shall be  
349 allocated for distribution to such municipality and paid to such  
350 municipal corporation.

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

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

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

367           (2) On or before September 15, 1987, and each  
368 succeeding month thereafter, from the revenue collected under this  
369 chapter during the preceding month One Million One Hundred

370 Twenty-five Thousand Dollars (\$1,125,000.00) shall be allocated  
371 for distribution to municipal corporations as defined under  
372 subsection (1) of this section in the proportion that the number  
373 of gallons of gasoline and diesel fuel sold by distributors to  
374 consumers and retailers in each such municipality during the  
375 preceding fiscal year bears to the total gallons of gasoline and  
376 diesel fuel sold by distributors to consumers and retailers in  
377 municipalities statewide during the preceding fiscal year. The  
378 State Tax Commission shall require all distributors of gasoline  
379 and diesel fuel to report to the commission monthly the total  
380 number of gallons of gasoline and diesel fuel sold by them to  
381 consumers and retailers in each municipality during the preceding  
382 month. The State Tax Commission shall have the authority to  
383 promulgate such rules and regulations as is necessary to determine  
384 the number of gallons of gasoline and diesel fuel sold by  
385 distributors to consumers and retailers in each municipality. In  
386 determining the percentage allocation of funds under this  
387 subsection for the fiscal year beginning July 1, 1987, and ending  
388 June 30, 1988, the State Tax Commission may consider gallons of  
389 gasoline and diesel fuel sold for a period of less than one (1)  
390 fiscal year. For the purposes of this subsection, the term  
391 "fiscal year" means the fiscal year beginning July 1 of a year.

392 (3) On or before September 15, 1987, and on or before  
393 the fifteenth day of each succeeding month, until the date  
394 specified in Section 65-39-35, the proceeds derived from  
395 contractors' taxes levied under Section 27-65-21 on contracts for  
396 the construction or reconstruction of highways designated under  
397 the Four-Lane Highway Program created under Section 65-3-97 shall,  
398 except as otherwise provided in Section 31-17-127, be deposited  
399 into the State Treasury to the credit of the State Highway Fund to  
400 be used to fund such Four-Lane Highway Program. The Mississippi  
401 Department of Transportation shall provide to the State Tax  
402 Commission such information as is necessary to determine the

403 amount of proceeds to be distributed under this subsection.

404           (4) On or before August 15, 1994, and on or before the  
405 fifteenth day of each succeeding month through July 15, 1999, from  
406 the proceeds of gasoline, diesel fuel or kerosene taxes as  
407 provided in Section 27-5-101(a)(ii)1, Four Million Dollars  
408 (\$4,000,000.00) shall be deposited in the State Treasury to the  
409 credit of a special fund designated as the "State Aid Road Fund,"  
410 created by Section 65-9-17. On or before August 15, 1999, and on  
411 or before the fifteenth day of each succeeding month, from the  
412 total amount of the proceeds of gasoline, diesel fuel or kerosene  
413 taxes apportioned by Section 27-5-101(a)(ii), Four Million Dollars  
414 (\$4,000,000.00) or an amount equal to twenty-three and one-fourth  
415 percent (23.25%) of such funds, whichever is the greater amount,  
416 shall be deposited in the State Treasury to the credit of the  
417 "State Aid Road Fund," created by Section 65-9-17. Such funds  
418 shall be pledged to pay the principal of and interest on state aid  
419 road bonds heretofore issued under Sections 19-9-51 through  
420 19-9-77, in lieu of and in substitution for the funds heretofore  
421 allocated to counties under this section. Such funds may not be  
422 pledged for the payment of any state aid road bonds issued after  
423 April 1, 1981; however, this prohibition against the pledging of  
424 any such funds for the payment of bonds shall not apply to any  
425 bonds for which intent to issue such bonds has been published, for  
426 the first time, as provided by law prior to March 29, 1981. From  
427 the amount of taxes paid into the special fund pursuant to this  
428 subsection and subsection (9) of this section, there shall be  
429 first deducted and paid the amount necessary to pay the expenses  
430 of the Office of State Aid Road Construction, as authorized by the  
431 Legislature for all other general and special fund agencies. The  
432 remainder of the fund shall be allocated monthly to the several  
433 counties in accordance with the following formula:

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

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

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

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

447           The amount of funds allocated to any county under this  
448 subsection for any fiscal year after fiscal year 1994 shall not be  
449 less than the amount allocated to such county for fiscal year  
450 1994. Monies allocated to a county from the State Aid Road Fund  
451 for fiscal year 1995 or any fiscal year thereafter that exceed the  
452 amount of funds allocated to that county from the State Aid Road  
453 Fund for fiscal year 1994, first must be expended by the county  
454 for replacement or rehabilitation of bridges on the state aid road  
455 system that have a sufficiency rating of less than twenty-five  
456 (25), according to National Bridge Inspection standards before  
457 such monies may be approved for expenditure by the State Aid Road  
458 Engineer on other projects that qualify for the use of state aid  
459 road funds.

460           Any reference in the general laws of this state or the  
461 Mississippi Code of 1972 to Section 27-5-105 shall mean and be  
462 construed to refer and apply to subsection (4) of Section  
463 27-65-75.

464           (5) One Million Six Hundred Sixty-six Thousand Six  
465 Hundred Sixty-six Dollars (\$1,666,666.00) each month shall be paid  
466 into the special fund known as the "State Public School Building  
467 Fund" created and existing under the provisions of Sections  
468 37-47-1 through 37-47-67. Such payments into said fund are to be

469 made on the last day of each succeeding month hereafter.

470 (6) An amount each month beginning August 15, 1983,  
471 through November 15, 1986, as specified in Section 6 of Chapter  
472 542, Laws of 1983, shall be paid into the special fund known as  
473 the Correctional Facilities Construction Fund created in Section 6  
474 of Chapter 542, Laws of 1983.

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

487 (8) On or before August 15, 1992, and each succeeding  
488 month thereafter, nine and seventy-three one-thousandths percent  
489 (9.073%) of the total sales tax revenue collected during the  
490 preceding month under the provisions of this chapter, except that  
491 collected under the provisions of Section 27-65-17(2) shall be  
492 deposited into the Education Enhancement Fund created pursuant to  
493 Section 37-61-33.

494 (9) On or before August 15, 1994, and each succeeding  
495 month thereafter, from the revenue collected under this chapter  
496 during the preceding month, Two Hundred Fifty Thousand Dollars  
497 (\$250,000.00) shall be paid into the State Aid Road Fund.

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

502 Vehicle Ad Valorem Tax Reduction Fund established in Section  
503 27-51-105.

504           (11) Notwithstanding any other provision of this  
505 section to the contrary, on or before February 15, 1995, and each  
506 succeeding month thereafter, the sales tax revenue collected  
507 during the preceding month under the provisions of Section  
508 27-65-17(2) shall be deposited, without diversion, into the Motor  
509 Vehicle Ad Valorem Tax Reduction Fund established in Section  
510 27-51-105.

511           (12) Notwithstanding any other provision of this  
512 section to the contrary, on or before August 15, 1995, and each  
513 succeeding month thereafter, the sales tax revenue collected  
514 during the preceding month under the provisions of Section  
515 27-65-17(1) on retail sales of private carriers of passengers and  
516 light carriers of property, as defined in Section 27-51-101, shall  
517 be deposited, after diversion, into the Motor Vehicle Ad Valorem  
518 Tax Reduction Fund established in Section 27-51-105.

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

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

534           (15) The remainder of the amounts collected under the



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

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

550           SECTION 3. This act shall take effect and be in force from  
551 and after July 1, 2000.