

By: Representative Young

To: Ways and Means

HOUSE BILL NO. 771

1 AN ACT TO AMEND SECTION 27-65-75, MISSISSIPPI CODE OF 1972,
2 TO INCREASE FROM 18.5% TO 20.5% THE DIVERSION OF STATE SALES TAX
3 REVENUE ALLOCATED FOR DISTRIBUTION TO MUNICIPALITIES; AND FOR
4 RELATED PURPOSES.

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

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

8 27-65-75. On or before the fifteenth day of each month, the
9 revenue collected under the provisions of this chapter during the
10 preceding month shall be paid and distributed as follows:

11 (1) On or before August 15, 1992, and each succeeding month
12 thereafter through July 15, 1993, eighteen percent (18%) of the
13 total sales tax revenue collected during the preceding month under
14 the provisions of this chapter, except that collected under the
15 provisions of Sections 27-65-15, 27-65-19(3) and 27-65-21, on
16 business activities within a municipal corporation shall be
17 allocated for distribution to such municipality and paid to such
18 municipal corporation. On or before August 15, 1993, and each
19 succeeding month thereafter through July 15, 2001, eighteen and
20 one-half percent (18-1/2%) of the total sales tax revenue
21 collected during the preceding month under the provisions of this
22 chapter, except that collected under the provisions of Sections
23 27-65-15, 27-65-19(3) and 27-65-21, on business activities within
24 a municipal corporation shall be allocated for distribution to
25 such municipality and paid to such municipal corporation. On or
26 before August 15, 2001, and each succeeding month thereafter,
27 twenty and one-half percent (20-1/2%) of the total sales tax
28 revenue collected during the preceding month under the provisions



29 of this chapter, except that collected under the provisions of
30 Sections 27-65-15, 27-65-19(3), 27-65-21, and that collected under
31 the provisions of Section 27-65-17(2) and the corresponding levy
32 in Section 27-65-23 on the rental or lease of private carriers of
33 passengers and light carriers of property as defined in Section
34 27-51-101, on business activities within a municipal corporation
35 shall be allocated for distribution to such municipality and paid
36 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 into the School Ad Valorem Tax Reduction Fund created
174 under Section 37-61-35 until such time that the total amount
175 deposited into the fund during a fiscal year equals Forty-two
176 Million Dollars (\$42,000,000.00). Thereafter, the amounts
177 diverted under this subsection (7) during the fiscal year in
178 excess of Forty-two Million Dollars (\$42,000,000.00) shall be
179 deposited into the Education Enhancement Fund created under
180 Section 37-61-33 for appropriation by the Legislature as other
181 education needs and shall not be subject to the percentage
182 appropriation requirements set forth in Section 37-61-33.

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

190 (9) On or before August 15, 1994, and each succeeding month
191 thereafter, from the revenue collected under this chapter during
192 the preceding month, Two Hundred Fifty Thousand Dollars
193 (\$250,000.00) shall be paid into the State Aid Road Fund.



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

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

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

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

225 (14) On or before August 15, 1998, and each succeeding month
226 thereafter through July 15, 2005, that portion of the avails of



227 the tax imposed in Section 27-65-23 which is derived from sales by
228 cotton compresses or cotton warehouses and which would otherwise
229 be paid into the General Fund, shall be deposited in an amount not
230 to exceed Two Million Dollars (\$2,000,000.00) into the special
231 fund created pursuant to Section 69-37-39.

232 (15) Notwithstanding any other provision of this section to
233 the contrary, on or before September 15, 2000, and each succeeding
234 month thereafter, the sales tax revenue collected during the
235 preceding month under the provisions of Section 27-65-19(f), shall
236 be deposited, without diversion, into the Telecommunications Ad
237 Valorem Tax Reduction Fund established in Section 27-38-7.

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

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

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



259 necessary funds from any subsequent payment to be made to the
260 municipality.

261 SECTION 2. This act shall take effect and be in force from
262 and after July 1, 2001.

