

By: Representative Young

To: Ways and Means

HOUSE BILL NO. 678

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 ALL MUNICIPALITIES; TO  
 4 PROVIDE THAT AN ADDITIONAL 2% OF THE STATE'S TOTAL SALES TAX  
 5 REVENUE COLLECTIONS ON BUSINESS ACTIVITIES WITHIN MUNICIPALITIES  
 6 SHALL BE ALLOCATED FOR DISTRIBUTION TO THE COUNTY IN WHICH SUCH  
 7 MUNICIPALITIES ARE LOCATED; TO PROVIDE THAT ONE-HALF OF THE  
 8 ADDITIONAL 2% EACH ALLOCATED FOR DISTRIBUTION TO A MUNICIPALITY  
 9 AND COUNTY SHALL BE USED TO REDUCE THE AD VALOREM TAXES LEVIED BY  
 10 THE MUNICIPALITY AND COUNTY; TO AMEND SECTIONS 27-65-53, 21-33-45,  
 11 27-39-303, 27-39-307, 27-39-317, 27-39-320 AND 27-39-321,  
 12 MISSISSIPPI CODE OF 1972, IN CONFORMITY THERETO; AND FOR RELATED  
 13 PURPOSES.

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

15 **SECTION 1.** Section 27-65-75, Mississippi Code of 1972, is  
 16 amended as follows:

17 27-65-75. On or before the fifteenth day of each month, the  
 18 revenue collected under the provisions of this chapter during the  
 19 preceding month shall be paid and distributed as follows:

20 (1) On or before August 15, 1992, and each succeeding month  
 21 thereafter through July 15, 1993, eighteen percent (18%) of the  
 22 total sales tax revenue collected during the preceding month under  
 23 the provisions of this chapter, except that collected under the  
 24 provisions of Sections 27-65-15, 27-65-19(3) and 27-65-21, on  
 25 business activities within a municipal corporation shall be  
 26 allocated for distribution to such municipality and paid to such  
 27 municipal corporation. On or before August 15, 1993, and each  
 28 succeeding month thereafter through July 15, 2002, eighteen and  
 29 one-half percent (18-1/2%) of the total sales tax revenue  
 30 collected during the preceding month under the provisions of this  
 31 chapter, except that collected under the provisions of Sections  
 32 27-65-15, 27-65-19(3) and 27-65-21, on business activities within



33 a municipal corporation shall be allocated for distribution to  
34 such municipality and paid to such municipal corporation. On or  
35 before August 15, 2002, and each succeeding month thereafter,  
36 twenty and one-half percent (20-½%) of the total sales tax revenue  
37 collected during the preceding month under the provisions of this  
38 chapter, except that collected under the provisions of Sections  
39 27-65-15, 27-65-19(3), 27-65-21, and that collected under the  
40 provisions of Section 27-65-17(2) and the corresponding levy in  
41 Section 27-65-23 on the rental or lease of private carriers of  
42 passengers and light carriers of property as defined in Section  
43 27-51-101, on business activities within a municipal corporation  
44 shall be allocated for distribution to such municipality and paid  
45 to such municipal corporation. One-half (1/2) of the revenue  
46 derived from the additional two percent (2%) of sales tax revenue  
47 distributed to a municipality under this subsection, as amended by  
48 House Bill No. \_\_\_\_\_, 2002 Regular Session, shall be used to reduce  
49 the amount of ad valorem taxes levied by such municipality. On or  
50 before August 15, 2002, and each succeeding month thereafter, an  
51 additional two percent (2%) of the total sales tax revenue  
52 collected during the preceding month under the provisions of this  
53 chapter, except that collected under the provisions of Sections  
54 27-65-15, 27-65-19(3), 27-65-21, and that collected under the  
55 provisions of Section 27-65-17(2) and the corresponding levy in  
56 Section 27-65-23 on the rental or lease of private carriers of  
57 passengers and light carriers of property as defined in Section  
58 27-51-101, on business activities within all of the municipal  
59 corporations located within a county shall be allocated for  
60 distribution to such county and paid to such county. One-half  
61 (1/2) of the revenue derived from the sales tax revenue  
62 distributed to a county shall be used to reduce the amount of ad  
63 valorem taxes levied by such county.



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

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

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

80 (2) On or before September 15, 1987, and each succeeding  
81 month thereafter, from the revenue collected under this chapter  
82 during the preceding month One Million One Hundred Twenty-five  
83 Thousand Dollars (\$1,125,000.00) shall be allocated for  
84 distribution to municipal corporations as defined under subsection  
85 (1) of this section in the proportion that the number of gallons  
86 of gasoline and diesel fuel sold by distributors to consumers and  
87 retailers in each such municipality during the preceding fiscal  
88 year bears to the total gallons of gasoline and diesel fuel sold  
89 by distributors to consumers and retailers in municipalities  
90 statewide during the preceding fiscal year. The State Tax  
91 Commission shall require all distributors of gasoline and diesel  
92 fuel to report to the commission monthly the total number of  
93 gallons of gasoline and diesel fuel sold by them to consumers and  
94 retailers in each municipality during the preceding month. The  
95 State Tax Commission shall have the authority to promulgate such  
96 rules and regulations as is necessary to determine the number of



97 gallons of gasoline and diesel fuel sold by distributors to  
98 consumers and retailers in each municipality. In determining the  
99 percentage allocation of funds under this subsection for the  
100 fiscal year beginning July 1, 1987, and ending June 30, 1988, the  
101 State Tax Commission may consider gallons of gasoline and diesel  
102 fuel sold for a period of less than one (1) fiscal year. For the  
103 purposes of this subsection, the term "fiscal year" means the  
104 fiscal year beginning July 1 of a year.

105 (3) On or before September 15, 1987, and on or before the  
106 fifteenth day of each succeeding month, until the date specified  
107 in Section 65-39-35, the proceeds derived from contractors' taxes  
108 levied under Section 27-65-21 on contracts for the construction or  
109 reconstruction of highways designated under the Four-Lane Highway  
110 Program created under Section 65-3-97 shall, except as otherwise  
111 provided in Section 31-17-127, be deposited into the State  
112 Treasury to the credit of the State Highway Fund to be used to  
113 fund such Four-Lane Highway Program. The Mississippi Department  
114 of Transportation shall provide to the State Tax Commission such  
115 information as is necessary to determine the amount of proceeds to  
116 be distributed under this subsection.

117 (4) On or before August 15, 1994, and on or before the  
118 fifteenth day of each succeeding month through July 15, 1999, from  
119 the proceeds of gasoline, diesel fuel or kerosene taxes as  
120 provided in Section 27-5-101(a)(ii)1, Four Million Dollars  
121 (\$4,000,000.00) shall be deposited in the State Treasury to the  
122 credit of a special fund designated as the "State Aid Road Fund,"  
123 created by Section 65-9-17. On or before August 15, 1999, and on  
124 or before the fifteenth day of each succeeding month, from the  
125 total amount of the proceeds of gasoline, diesel fuel or kerosene  
126 taxes apportioned by Section 27-5-101(a)(ii)1, Four Million  
127 Dollars (\$4,000,000.00) or an amount equal to twenty-three and  
128 one-fourth percent (23.25%) of such funds, whichever is the  
129 greater amount, shall be deposited in the State Treasury to the



130 credit of the "State Aid Road Fund," created by Section 65-9-17.  
131 Such funds shall be pledged to pay the principal of and interest  
132 on state aid road bonds heretofore issued under Sections 19-9-51  
133 through 19-9-77, in lieu of and in substitution for the funds  
134 heretofore allocated to counties under this section. Such funds  
135 may not be pledged for the payment of any state aid road bonds  
136 issued after April 1, 1981; however, this prohibition against the  
137 pledging of any such funds for the payment of bonds shall not  
138 apply to any bonds for which intent to issue such bonds has been  
139 published, for the first time, as provided by law prior to March  
140 29, 1981. From the amount of taxes paid into the special fund  
141 pursuant to this subsection and subsection (9) of this section,  
142 there shall be first deducted and paid the amount necessary to pay  
143 the expenses of the Office of State Aid Road Construction, as  
144 authorized by the Legislature for all other general and special  
145 fund agencies. The remainder of the fund shall be allocated  
146 monthly to the several counties in accordance with the following  
147 formula:

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

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

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

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

161 The amount of funds allocated to any county under this  
162 subsection for any fiscal year after fiscal year 1994 shall not be



163 less than the amount allocated to such county for fiscal year  
164 1994. Monies allocated to a county from the State Aid Road Fund  
165 for fiscal year 1995 or any fiscal year thereafter that exceed the  
166 amount of funds allocated to that county from the State Aid Road  
167 Fund for fiscal year 1994, first must be expended by the county  
168 for replacement or rehabilitation of bridges on the state aid road  
169 system that have a sufficiency rating of less than twenty-five  
170 (25), according to National Bridge Inspection standards before  
171 such monies may be approved for expenditure by the State Aid Road  
172 Engineer on other projects that qualify for the use of state aid  
173 road funds.

174 Any reference in the general laws of this state or the  
175 Mississippi Code of 1972 to Section 27-5-105 shall mean and be  
176 construed to refer and apply to subsection (4) of Section  
177 27-65-75.

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

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

189 (7) On or before August 15, 1992, and each succeeding month  
190 thereafter through July 15, 2000, two and two hundred sixty-six  
191 one-thousandths percent (2.266%) of the total sales tax revenue  
192 collected during the preceding month under the provisions of this  
193 chapter, except that collected under the provisions of Section  
194 27-65-17(2) shall be deposited by the commission into the School  
195 Ad Valorem Tax Reduction Fund created pursuant to Section



196 37-61-35. On or before August 15, 2000, and each succeeding month  
197 thereafter, two and two hundred sixty-six one-thousandths percent  
198 (2.266%) of the total sales tax revenue collected during the  
199 preceding month under the provisions of this chapter, except that  
200 collected under the provisions of Section 27-65-17(2), shall be  
201 deposited into the School Ad Valorem Tax Reduction Fund created  
202 under Section 37-61-35 until such time that the total amount  
203 deposited into the fund during a fiscal year equals Forty-two  
204 Million Dollars (\$42,000,000.00). Thereafter, the amounts  
205 diverted under this subsection (7) during the fiscal year in  
206 excess of Forty-two Million Dollars (\$42,000,000.00) shall be  
207 deposited into the Education Enhancement Fund created under  
208 Section 37-61-33 for appropriation by the Legislature as other  
209 education needs and shall not be subject to the percentage  
210 appropriation requirements set forth in Section 37-61-33.

211 (8) On or before August 15, 1992, and each succeeding month  
212 thereafter, nine and seventy-three one-thousandths percent  
213 (9.073%) of the total sales tax revenue collected during the  
214 preceding month under the provisions of this chapter, except that  
215 collected under the provisions of Section 27-65-17(2) shall be  
216 deposited into the Education Enhancement Fund created pursuant to  
217 Section 37-61-33.

218 (9) On or before August 15, 1994, and each succeeding month  
219 thereafter, from the revenue collected under this chapter during  
220 the preceding month, Two Hundred Fifty Thousand Dollars  
221 (\$250,000.00) shall be paid into the State Aid Road Fund.

222 (10) On or before August 15, 1994, and each succeeding month  
223 thereafter through August 15, 1995, from the revenue collected  
224 under this chapter during the preceding month, Two Million Dollars  
225 (\$2,000,000.00) shall be deposited into the Motor Vehicle Ad  
226 Valorem Tax Reduction Fund established in Section 27-51-105.

227 (11) Notwithstanding any other provision of this section to  
228 the contrary, on or before February 15, 1995, and each succeeding



229 month thereafter, the sales tax revenue collected during the  
230 preceding month under the provisions of Section 27-65-17(2) and  
231 the corresponding levy in Section 27-65-23 on the rental or lease  
232 of private carriers of passengers and light carriers of property  
233 as defined in Section 27-51-101 shall be deposited, without  
234 diversion, into the Motor Vehicle Ad Valorem Tax Reduction Fund  
235 established in Section 27-51-105.

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

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

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

260 (15) Notwithstanding any other provision of this section to  
261 the contrary, on or before September 15, 2000, and each succeeding





262 month thereafter, the sales tax revenue collected during the  
263 preceding month under the provisions of Section 27-65-19(1)(f),  
264 shall be deposited, without diversion, into the Telecommunications  
265 Ad Valorem Tax Reduction Fund established in Section 27-38-7.

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

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

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

289 **SECTION 2.** Section 27-65-53, Mississippi Code of 1972, is  
290 amended as follows:

291 27-65-53. If the commissioner finds that the taxpayer has  
292 overpaid his tax for any reason and the taxpayer has discontinued  
293 business and there is no subsequent liability upon which the  
294 excess may be credited, or if the amount of the excess so paid



295 shall exceed the estimated liability for the next twelve (12)  
296 months, the excess shall be refunded to the taxpayer. Such amount  
297 shall be certified to the State Auditor of Public Accounts by the  
298 commission. The \* \* \* auditor may make such investigation and  
299 audit of the claim as he finds necessary. If he finds that the  
300 commissioner is correct in his determination, the auditor may  
301 issue his warrant to the State Treasurer in favor of the taxpayer  
302 for the amount of tax erroneously paid into the State Treasury,  
303 such refunds to be made from current sales tax collections. If  
304 part of the overpayment has been disbursed to any municipality or  
305 county, under authority of Section 27-65-75, the municipality or  
306 county having erroneously received the money, shall adjust the  
307 amount with the commissioner, or the overpayment may be withheld  
308 by the state from any funds due by the state to the municipality  
309 or county.

310 \* \* \* Where the taxpayer has overpaid his tax, the  
311 commissioner may give credit for same and allow the taxpayer to  
312 take credit on a subsequent return or, if necessary, in his  
313 discretion, have the taxpayer file for a refund as provided  
314 herein.

315 If any overpayment of tax as reflected in an application or  
316 amended return, or both, filed by the taxpayer, and verified by  
317 the commissioner or otherwise determined to be due by the  
318 commissioner or commission, is not refunded or credited to a  
319 taxpayer's account within ninety (90) days after the application  
320 or amended return is filed or the date the commission or  
321 commissioner determines a refund is due, whichever is later,  
322 interest at the rate of one percent (1%) per month shall be  
323 allowed on such overpayment computed for the period after  
324 expiration of the ninety-day period provided herein to the date of  
325 payment.

326 **SECTION 3.** Section 21-33-45, Mississippi Code of 1972, is  
327 amended as follows:



328           21-33-45. Subject to the provisions of this section, the  
329 governing authorities of each municipality of this state shall,  
330 either at their regular meeting in September of each year or not  
331 later than ten (10) days after the final approval of the  
332 assessment rolls, levy the municipal ad valorem taxes for the  
333 fiscal year next succeeding, and shall, by resolution, fix the tax  
334 rate or levy for the municipality and for any other taxing  
335 districts of which the municipality may be a part. The rates or  
336 levies for the municipality or for any such taxing district shall  
337 be expressed in mills or a decimal fraction of a mill, which tax  
338 rates, or levies, shall determine the ad valorem taxes to be  
339 collected upon each dollar of valuation upon the assessment rolls  
340 of the municipality for municipal taxes, and to be collected upon  
341 each dollar of valuation as shown upon the assessment rolls of the  
342 municipality for each such taxing district, except as to such  
343 values as may be exempt, in whole or in part, from certain tax  
344 rates or levies. If the rates or levies for the municipality or  
345 taxing district are an increase from the previous fiscal year,  
346 then the proposed rate or levy increase shall be advertised in  
347 accordance with Sections 27-39-203 and 27-39-205. From and after  
348 July 1, 2002, the governing authorities of a municipality shall  
349 use one-half (1/2) of the revenue derived from the additional two  
350 percent (2%) of sales tax revenue distributed to it under Section  
351 27-65-75(1), as amended by House Bill No. \_\_\_\_\_, 2002 Regular  
352 Session, to reduce the ad valorem taxes levied by the  
353 municipality.

354           In making the levy of taxes, the governing authorities shall  
355 specify in such resolution the levy for each purpose as follows:

356           (a) For general revenue purposes and for general  
357 improvements, as authorized by Section 27-39-307.

358           (b) For school purposes, including all maintenance  
359 levies, whether made against the property within such  
360 municipality, or within any taxing district embraced in such



361 municipality, as authorized by Section 27-39-307 and Section  
362 37-57-3 et seq.

363 (c) For municipal bonds and interest thereon, for  
364 school bonds and interest thereon, separately for municipal-wide  
365 bonds and for the bonds of each school district.

366 (d) For municipal-wide bonds and interest thereon,  
367 other than for school bonds.

368 (e) For loans, notes or any other obligation, and the  
369 interest thereon, if permitted by law.

370 (f) For special improvement or special benefit levies,  
371 as now authorized by law.

372 (g) For any other purpose for which a levy is lawfully  
373 made. If any municipal-wide levy is made for any general or  
374 special purpose under the provisions of any law other than Section  
375 27-39-307 each such levy shall be separately stated in the  
376 resolution, and the law authorizing same shall be expressly stated  
377 therein.

378 If the governing authorities of any municipality shall not  
379 levy the municipal taxes and the district taxes at its regular  
380 September meeting, such governing authorities shall levy the same  
381 at an adjourned or special meeting not later than ten (10) days  
382 after the final approval of the assessment rolls. However, \* \* \*  
383 if such levy be not made on or before September 15 then road and  
384 bridge privilege tax license plates may be issued by the tax  
385 collector or State Tax Commission, as the case may be, for motor  
386 vehicles as defined in the Motor Vehicle Ad Valorem Tax Law of  
387 1958 (Section 27-51-1 et seq.), without collecting or requiring  
388 proof of payment of municipal ad valorem taxes until such levy is  
389 duly certified to him, and for twenty-four (24) hours thereafter.

390 In the case of a municipality operating under a special or  
391 private charter providing for or authorizing the assessment,  
392 levying and collection of ad valorem taxes prior to October in  
393 each year, ad valorem taxes for such municipality shall be levied



394 at the time prescribed or authorized by such special or private  
395 charter, unless the governing authorities of such municipality by  
396 resolution adopted and spread of record in its minutes elect to  
397 levy ad valorem taxes at the time prescribed hereinbefore in this  
398 section. In any event, however, all ad valorem taxes levied by  
399 any municipality in this state, shall be levied in the manner  
400 required herein regardless of the time when such taxes are levied.

401 **SECTION 4.** Section 27-39-303, Mississippi Code of 1972, is  
402 amended as follows:

403 27-39-303. Subject to the provisions of this section, the  
404 board of supervisors of any county is hereby empowered to levy ad  
405 valorem taxes on taxable property in the respective counties in  
406 any one (1) year, as shown by the assessment roll containing  
407 assessments of property made as of January 1 of the year, and the  
408 assessment of motor vehicles as made according to the provisions  
409 of the Motor Vehicle Ad Valorem Tax Law of 1958 (Section 27-51-1  
410 et seq.) for all general county purposes, exclusive only of levies  
411 for roads and bridges and schools at the rate necessary to fund  
412 such purposes. From and after July 1, 2002, the board of  
413 supervisors of a county shall use one-half (1/2) of the sales tax  
414 revenue distributed to it under Section 27-65-75(1) to reduce the  
415 ad valorem taxes levied by the county. The board of supervisors  
416 of any county is further empowered to expend the proceeds of this  
417 levy for any purpose authorized for any other levy which the board  
418 of supervisors is authorized to make, excluding the levy for roads  
419 and bridges, and the board may authorize general fund expenditures  
420 for school purposes when necessary to meet the minimum local ad  
421 valorem tax effort required by Section 37-57-1.

422 The board of supervisors of any county is further empowered  
423 to distribute from the county general fund a portion of the  
424 county's share of payments made by the Tennessee Valley Authority  
425 to the state in lieu of taxes (a) to the school districts of said  
426 county and (b) for construction on the roads and bridges of said



427 county in an amount which bears the same proportion to the total  
428 amount of the county's share as the millage for the school fund  
429 and road and bridge fund bears to the total millage levied by the  
430 county. In the event said in lieu payments are expended for  
431 capital improvements, said payments shall not be subject to the  
432 increase limitations specified in Section 27-39-321 or 37-57-107.

433 **SECTION 5.** Section 27-39-307, Mississippi Code of 1972, is  
434 amended as follows:

435 27-39-307. Subject to the provisions of this section,  
436 municipalities may levy ad valorem taxes upon all taxable property  
437 within such municipality for general revenue purposes and for  
438 general improvements. Further, the governing authorities of any  
439 municipality may make additional levies for special purposes as  
440 authorized by law. Any such levy which is an increase from the  
441 previous fiscal year must be advertised in accordance with  
442 Sections 27-39-203 and 27-39-205. In addition to funding  
443 municipal general purposes, the municipal general ad valorem tax  
444 levy may be used to supplement any municipal ad valorem tax levy  
445 for a special purpose authorized by law, excluding levies for  
446 schools, without regard to any statutory millage limitation on  
447 such special purpose tax levy; however, nothing herein contained  
448 shall be construed to exempt such tax levies from the limitation  
449 on total receipts under Section 27-39-321.

450 From and after July 1, 2002, the governing authorities of a  
451 municipality shall use one-half (1/2) of the revenue derived from  
452 the additional two percent (2%) of sales tax revenue distributed  
453 to it under Section 27-65-75(1), as amended by House Bill No.  
454 \_\_\_\_\_ , 2002 Regular Session, to reduce the ad valorem taxes levied  
455 by the municipality.

456 **SECTION 6.** Section 27-39-317, Mississippi Code of 1972, is  
457 amended as follows:

458 27-39-317. The board of supervisors of each county shall, at  
459 its regular meeting in September of each year, levy the county ad



460 valorem taxes for the fiscal year, and shall, by order, fix the  
461 tax rate, or levy, for the county, for the road districts, if any,  
462 and for the school districts, if any, and for any other taxing  
463 districts; and the rates, or levies, for the county and for any  
464 district shall be expressed in mills or a decimal fraction of a  
465 mill. Said tax rates, or levies, shall determine the ad valorem  
466 taxes to be collected upon each dollar of valuation, upon the  
467 assessment rolls of the county, including the assessment of motor  
468 vehicles as provided by the Motor Vehicle Ad Valorem Tax Law of  
469 1958, Section 27-51-1 et seq., for county taxes; and upon each  
470 dollar of valuation for the respective districts, as shown upon  
471 the assessment rolls of the county, including the assessment of  
472 motor vehicles as provided by the Motor Vehicle Ad Valorem Tax Law  
473 of 1958, Section 27-51-1 et seq.; except as to such values as  
474 shall be exempt, in whole or in part, from certain tax rates or  
475 levies. If the rate or levy for the county is an increase from  
476 the previous fiscal year, then the proposed rate or levy shall be  
477 advertised in accordance with Sections 27-39-203 and 27-39-205.  
478 From and after July 1, 2002, the board of supervisors of a county  
479 shall use one-half (1/2) of the sales tax revenue distributed to  
480 it under Section 27-65-75(1) to reduce the ad valorem taxes levied  
481 by the county. If the board of supervisors of any county shall  
482 not levy the county taxes and the district taxes at its regular  
483 September meeting, the board shall levy the same on or before  
484 September 15 at an adjourned or special meeting, or thereafter,  
485 provided, however, that if such levy be not made on or before the  
486 fifteenth day of September then the tax collector or State Tax  
487 Commission may issue road and bridge privilege tax license plates  
488 for motor vehicles as defined in the Motor Vehicle Ad Valorem Tax  
489 Law of 1958, Section 27-51-1 et seq., without collecting or  
490 requiring proof of payment of county ad valorem taxes, and may  
491 continue to so issue such plates until such levy is duly certified  
492 to him, and for twenty-four (24) hours thereafter.



493           Notwithstanding the requirements of this section, in the  
494 event the State Tax Commission orders the county to make an  
495 adjustment to the tax roll pursuant to Section 27-35-113, the  
496 county shall have a period of thirty (30) days from the date of  
497 the commission's final determination to adjust the millage in  
498 order to collect the same dollar amount of taxes as originally  
499 levied by the board.

500           In making the levy of taxes, the board of supervisors shall  
501 specify, in its order, the levy for each purpose, as follows:

502                   (a) For general county purposes (current expense and  
503 maintenance taxes), as authorized by Section 27-39-303.

504                   (b) For roads and bridges, as authorized by Section  
505 27-39-305.

506                   (c) For schools, including the countywide minimum  
507 education program levy and the levy for each school district  
508 including special municipal separate school districts, but not  
509 including other municipal separate school districts, and for an  
510 agricultural high school, county high school or junior college  
511 (current expense and maintenance taxes), as authorized by Chapter  
512 57, Title 37, Mississippi Code of 1972, and any other applicable  
513 statute. The levy for schools shall apply to the assessed value  
514 of property in the respective school districts, including special  
515 municipal separate school districts, but not including other  
516 municipal separate school districts, and a distinct and separate  
517 levy shall be made for each school district, and the purpose for  
518 each levy shall be stated.

519                   (d) For road bonds and the interest thereon, separately  
520 for countywide bonds and for the bonds of each road district.

521                   (e) For school bonds and the interest thereon,  
522 separately for countywide bonds and for the bonds of each school  
523 district.

524                   (f) For countywide bonds, and the interest thereon,  
525 other than for road bonds and school bonds.





526 (g) For loans, notes or any other obligation, and the  
527 interest thereon, if permitted by the law.

528 (h) For any other purpose for which a levy is lawfully  
529 made.

530 The order shall state all of the purposes for which the  
531 general county levy is made, using the administrative items  
532 suggested by the State Department of Audit of Mississippi under  
533 the county budget law in its uniform system of accounts for  
534 counties, but the rate or levy for any item or purpose need not be  
535 shown; and if a countywide levy is made for any general or special  
536 purpose under the provisions of any law other than Section  
537 27-39-303, each such levy shall be separately stated.

538 During the month of February of each year, if the order or  
539 resolution of the board of trustees of any school district of said  
540 county or partly in said county, is filed with it requesting the  
541 levying of ad valorem taxes for the support and maintenance of  
542 such school district for the following fiscal year, then the board  
543 of supervisors of every such county in the state shall notify, in  
544 writing, within thirty (30) days, the county superintendent of  
545 education of such county, the levy or levies it intends to make  
546 for the support and maintenance of such school districts of such  
547 county at its regular meeting in September following, and the  
548 county superintendent of education and the trustees of all such  
549 school districts shall be authorized to use such expressed  
550 intention of the board of supervisors in computing the support and  
551 maintenance budget or budgets of such school district or districts  
552 for the ensuing fiscal school year.

553 **SECTION 7.** Section 27-39-320, Mississippi Code of 1972, is  
554 amended as follows:

555 27-39-320. (1) The Legislature finds and determines that  
556 legislation requiring a specific levy or requiring consent of some  
557 other governing body to reduce the levy was intended to raise a  
558 certain amount of revenue for specific purposes. Upon this



559 determination and notwithstanding the provisions of any statute  
560 which requires a definite levy to be made or which requires that a  
561 levy may not be reduced except by the consent of some other  
562 governing authority, subject to the provisions of subsection (5)  
563 of this section, the amount of such levy shall be deemed to be an  
564 amount necessary to produce the revenues received in the next  
565 preceding year plus, at the option of the taxing authority, an  
566 increase not to exceed ten percent (10%) of such revenues.

567 (2) In any county where there is located a nuclear  
568 generating power plant on which a tax is assessed under Section  
569 27-35-309(3), such required levy and revenue produced thereby may  
570 be reduced by the levying authority in an amount in proportion to  
571 a reduction in the base revenue of any such county from the  
572 previous year. Such reduction shall be allowed only if the  
573 reduction in base revenue equals or exceeds five percent (5%).  
574 "Base revenue" shall mean the revenue received by the county from  
575 the ad valorem tax levy plus the revenue received by the county  
576 from the tax assessed under Section 27-35-309(3) and authorized to  
577 be used for any purposes for which a county is authorized by law  
578 to levy an ad valorem tax. For purposes of determining if the  
579 reduction equals or exceeds five percent (5%), a levy of millage  
580 equal to the prior year's millage shall be hypothetically applied  
581 to the current year's ad valorem tax base to determine the amount  
582 of revenue to be generated from the ad valorem tax levy. For the  
583 purposes of this section, the portion of base revenue used to fund  
584 the purpose for which a specific levy is required shall be deemed  
585 to be the total receipts from ad valorem taxes for such purpose.  
586 This paragraph shall apply to taxes levied for the 1987 fiscal  
587 year and for each fiscal year thereafter. If the Mississippi  
588 Supreme Court or another court finally adjudicates that the tax  
589 levied under Section 27-35-309(3) is unconstitutional, then this  
590 paragraph shall stand repealed.



591           (3) Subject to the provisions of subsection (5) of this  
592 section, with respect to ad valorem taxes levied on or after  
593 October 1, 1980, no county or municipality shall levy those mills  
594 heretofore required by law to be levied to an extent that such  
595 levy shall produce more than the total receipts produced from such  
596 levy in the next preceding year, plus, at the option of the taxing  
597 authority, an increase not to exceed ten percent (10%) of such  
598 receipts. Such total receipts shall be deemed to include the  
599 total avails of such levy either collected from the property owner  
600 or by reimbursement by the state. The revenues produced from any  
601 newly constructed properties or any existing properties added to  
602 the tax rolls or any properties previously exempt which were not  
603 assessed in the next preceding year may be excluded from the  
604 limitation set forth herein.

605           (4) Subject to the provisions of subsection (5) of this  
606 section, the ten percent (10%) increase limitation prescribed in  
607 this section may be increased by an additional amount by the board  
608 of supervisors of any county if the aggregate receipts from all  
609 county levies to which this section and Sections 27-39-305 and  
610 27-39-321 apply do not exceed one hundred ten percent (110%) of  
611 the aggregate receipts from all such levies during any one (1) of  
612 the immediately preceding three (3) fiscal years, as determined by  
613 the board of supervisors.

614           (5) From and after July 1, 2002, the board of supervisors of  
615 a county shall use one-half (1/2) of the sales tax revenue  
616 distributed to it under Section 27-65-75(1) to reduce the ad  
617 valorem taxes levied by the county, and the governing authorities  
618 of a municipality shall use one-half (1/2) of the revenue derived  
619 from the additional two percent (2%) of sales tax revenue  
620 distributed to it under Section 27-65-75(1), as amended by House  
621 Bill No. \_\_\_\_\_, 2002 Regular Session, to reduce the ad valorem  
622 taxes levied by the municipality.



623           (6) The limitations set forth in this section shall apply to  
624 the mandatory tax levied by Section 27-39-329.

625           **SECTION 8.** Section 27-39-321, Mississippi Code of 1972, is  
626 amended as follows:

627           27-39-321. (1) Subject to the provisions of subsection (8)  
628 of this section, with respect to ad valorem taxes levied for each  
629 fiscal year, no political subdivision may levy ad valorem taxes in  
630 any fiscal year which would render in total receipts from all  
631 levies an amount more than the receipts from that source during  
632 any one (1) of the immediately preceding three (3) fiscal years,  
633 as determined by the levying governing authority, plus, at the  
634 option of the taxing authority, an increase not to exceed ten  
635 percent (10%) of such receipts. The additional revenue from the  
636 ad valorem tax on any newly constructed properties or any existing  
637 properties added to the tax rolls or any properties previously  
638 exempt, which were not assessed in the next preceding year and  
639 cost incurred and paid in the next preceding year in connection  
640 with reappraisal may be excluded from the ten percent (10%)  
641 increase limitation set forth herein. Taxes levied for school  
642 district purposes under any statute and taxes levied for the  
643 maintenance and/or construction of roads and bridges under Section  
644 27-39-305 shall be excluded from the ten percent (10%) increase  
645 limitation set forth herein. Taxes levied for payment of  
646 principal of and interest on general obligation bonds issued  
647 heretofore or hereafter shall be excluded from the ten percent  
648 (10%) increase limitation set forth herein. Any additional  
649 millage levied to fund any new program mandated by the Legislature  
650 shall be excluded from the limitation for the first year of the  
651 levy and included within such limitation in any year thereafter.  
652 The limitation imposed under this paragraph shall not apply to  
653 those mandatory levies enumerated in Sections 27-39-320 and  
654 27-39-329.



655           (2) Subject to the provisions of subsection (8) of this  
656 section, the limitation of this section may be increased only as  
657 provided in subsection (3) or (4) of this section or when the  
658 governing body of a political subdivision has determined the need  
659 for additional revenues, adopts a resolution declaring its  
660 intention so to do and has held an election on the question of  
661 raising the limitation prescribed in this section. The notice  
662 calling for an election shall state the purposes for which the  
663 additional revenues shall be used, the amount of the tax levy to  
664 be imposed for such purposes and period of time for which such tax  
665 levy shall be made; however, such tax levy shall not be made for  
666 more than five (5) successive years. The limitation may be  
667 increased under this subsection only if the proposed increase is  
668 approved by a majority of those voting. Subject to specific  
669 provisions of this paragraph to the contrary, the publication of  
670 notice and manner of holding the election shall be as prescribed  
671 by law for the holding of elections for the issuance of bonds by  
672 the political subdivision. Revenues derived from any taxes levied  
673 pursuant to such election shall be excluded from the tax base for  
674 the purpose of determining aggregate receipts for which the ten  
675 percent (10%) increase limitation applies.

676           (3) Subject to the provisions of subsection (8) of this  
677 section, as an alternative to the procedure provided in subsection  
678 (2) of this section, the ten percent (10%) increase limitation  
679 prescribed in this section may be increased by an additional  
680 amount by the board of supervisors of any county without an  
681 election thereon if the aggregate receipts from all county levies  
682 to which this section and Sections 27-39-305 and 27-39-320 apply  
683 do not exceed one hundred ten percent (110%) of the aggregate  
684 receipts from all such levies during any one (1) of the  
685 immediately preceding three (3) fiscal years, as determined by the  
686 board of supervisors.



687           (4) Subject to the provisions of subsection (8) of this  
688 section, as an alternative to the procedure provided in  
689 subsections (2) and (3) of this section, the board of supervisors  
690 of any county or the governing authorities of any municipality  
691 may, without an election thereon, increase the ad valorem tax levy  
692 to which this section applies by the greater of:

693           (a) An ad valorem tax levy that does not result in an  
694 aggregate levy to which this section applies in excess of twenty  
695 (20) mills; or

696           (b) An ad valorem tax levy that is not in excess of any  
697 aggregate levy to which this section applies in any one (1) of the  
698 immediately preceding ten (10) fiscal years.

699           (5) In any county where there is located a nuclear  
700 generating power plant on which a tax is assessed under Section  
701 27-35-309(3), the term "total receipts" as used in this section  
702 shall be the portion of the "base revenue" as defined in Section  
703 27-39-320 which is used for General Fund purposes.

704           (6) If a shortfall occurs in revenues from sources other  
705 than ad valorem taxes and oil and gas severance taxes budgeted for  
706 the county or municipal general fund during the 1987 fiscal year,  
707 then the county or municipality, as the case may be, may levy a  
708 special ad valorem tax for the 1988 fiscal year in an amount the  
709 avails of which shall not exceed such shortfall; provided,  
710 however, that the aggregate receipts from all ad valorem levies  
711 for the county or municipal general fund for the 1988 fiscal year  
712 shall not exceed the aggregate receipts from this source for the  
713 immediately preceding fiscal year plus an increase not to exceed  
714 twenty percent (20%).

715           (7) If a shortfall occurs in revenues from oil and gas  
716 severance taxes budgeted for the county or municipal general fund  
717 during the 1987 fiscal year, then the county or municipality, as  
718 the case may be, may levy a special ad valorem tax for the 1988  
719 fiscal year in an amount the avails of which shall not exceed such



720 shortfall. The avails of such special ad valorem tax shall not be  
721 included within the ten percent (10%) increase limitation. The ad  
722 valorem taxes levied to offset the shortfall shall be deemed to be  
723 ad valorem tax receipts produced in the 1988 fiscal year for the  
724 purposes of determining the limitation on receipts for the  
725 succeeding fiscal years.

726 (8) From and after July 1, 2002, the board of supervisors of  
727 a county shall use one-half (1/2) of the sales tax revenue  
728 distributed to it under Section 27-65-75(1) to reduce the ad  
729 valorem taxes levied by the county, and the governing authorities  
730 of a municipality shall use one-half (1/2) of the revenue derived  
731 from the additional two percent (2%) of sales tax revenue  
732 distributed to it under Section 27-65-75(1), as amended by House  
733 Bill No. \_\_\_\_\_, 2002 Regular Session, to reduce the ad valorem  
734 taxes levied by the municipality.

735 **SECTION 9.** This act shall take effect and be in force from  
736 and after July 1, 2002.

