An Act to Amend Section 27-65-75, Mississippi Code of 1972, to increase the amount of fuel tax proceeds that are diverted to the State Aid Road Program; to provide that the increase in fuel tax diversions shall be deposited into a special fund for the purpose of providing additional monies for the local system road program; to provide that monies in the special fund shall be allocated to the counties based upon the State Aid Road Formula; to amend Section 65-18-9, Mississippi Code of 1972, in conformity with the provisions of this Act; and for related purposes.

Be it enacted by the Legislature of the State of Mississippi:

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

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

(1) On or before August 15, 1992, and each succeeding month thereafter through July 15, 1993, eighteen percent (18%) of the total sales tax revenue collected during the preceding month under the provisions of this chapter, except that collected under the provisions of Sections 27-65-15, 27-65-19(3) and 27-65-21, on business activities within a municipal corporation shall be allocated for distribution to such municipality and paid to such municipal corporation. On or before August 15, 1993, and each succeeding month thereafter, eighteen and one-half percent (18-1/2%) of the total sales tax revenue collected during the preceding month under the provisions of this chapter, except that collected under the provisions of Sections 27-65-15, 27-65-19(3) and 27-65-21, on business activities within a municipal corporation shall be allocated for distribution to such municipality and paid to such municipal corporation.
A municipal corporation, for the purpose of distributing the tax under this subsection, shall mean and include all incorporated cities, towns and villages.

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

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

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

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

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

On or before August 15, 2002, and on or before the fifteenth day
of each succeeding month, there shall be deducted from the total
amount of the proceeds of gasoline, diesel fuel or kerosene taxes
apportioned by Section 27-5-101(a)(ii), Four Million Dollars
($4,000,000.00) or an amount equal to twenty-eight and one-fourth
percent (28.25%) of such funds, whichever is the greater amount.
The amount so deducted, less the amount prescribed in paragraph
(b) of this subsection shall be deposited in the State Treasury to
the credit of the "State Aid Road Fund," created by Section
65-9-17. Such funds as are deposited in the State Aid Road Fund
shall be pledged to pay the principal of and interest on state aid
road bonds heretofore issued under Sections 19-9-51 through
19-9-77, in lieu of and in substitution for the funds heretofore
allocated to counties under this section. Such funds may not be
pledged for the payment of any state aid road bonds issued after
April 1, 1981; however, this prohibition against the pledging of
any such funds for the payment of bonds shall not apply to any
bonds for which intent to issue such bonds has been published, for
the first time, as provided by law prior to March 29, 1981. From
the amount of taxes paid into the special fund pursuant to this
paragraph (a) and subsection (9) of this section, there shall be
first deducted and paid the amount necessary to pay the expenses
of the Office of State Aid Road Construction, as authorized by the
Legislature for all other general and special fund agencies. The
remainder of the fund shall be allocated monthly to the several
counties in accordance with the following formula:

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

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

H. B. No. 1437
02/HR03/R1512
PAGE 4 (JWB\LN)
(iii) One-third (1/3) shall be allocated to counties based on the proportion that the rural population of the county bears to the total rural population in all counties of the state, according to the latest federal decennial census.

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

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

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

(b) If, under paragraph (a) of this subsection (4), the amount deducted from the total amount of the proceeds of gasoline, diesel fuel or kerosene taxes apportioned by Section 27-5-101(a)(ii)1, is greater than Four Million Dollars ($4,000,000.00), then the amount by which such deduction exceeds, if any, twenty-three and one-fourth percent (23.25%) of such tax proceeds shall be deposited into a special fund in the State Treasury to be known as the "Local System Road Program Supplemental Fund." Monies in such special fund shall be
allocated to the several counties for expenditure on projects approved under the Local System Road Program created under Chapter 18 of Title 65, Mississippi Code of 1972, in accordance with the same formula for allocation of state aid funds to counties under paragraphs (a)(i), (a)(ii) and (a)(iii) of this subsection (4).

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

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

(7) On or before August 15, 1992, and each succeeding month thereafter through July 15, 2000, two and two hundred sixty-six one-thousandths percent (2.266%) of the total sales tax revenue collected during the preceding month under the provisions of this chapter, except that collected under the provisions of Section 27-65-17(2) shall be deposited by the commission into the School Ad Valorem Tax Reduction Fund created pursuant to Section 37-61-35. On or before August 15, 2000, and each succeeding month thereafter, two and two hundred sixty-six one-thousandths percent (2.266%) of the total sales tax revenue collected during the preceding month under the provisions of this chapter, except that collected under the provisions of Section 27-65-17(2), shall be deposited into the School Ad Valorem Tax Reduction Fund created under Section 37-61-35 until such time that the total amount deposited into the fund during a fiscal year equals Forty-two Million Dollars ($42,000,000.00). Thereafter, the amounts diverted under this subsection (7) during the fiscal year in
excess of Forty-two Million Dollars ($42,000,000.00) shall be deposited into the Education Enhancement Fund created under Section 37-61-33 for appropriation by the Legislature as other education needs and shall not be subject to the percentage appropriation requirements set forth in Section 37-61-33.

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

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

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

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

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

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

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

(15) Notwithstanding any other provision of this section to the contrary, on or before September 15, 2000, and each succeeding month thereafter, the sales tax revenue collected during the preceding month under the provisions of Section 27-65-19(1)(f), shall be deposited, without diversion, into the Telecommunications Ad Valorem Tax Reduction Fund established in Section 27-38-7.

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

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

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

SECTION 2. Section 65-18-9, Mississippi Code of 1972, is amended as follows:

65-18-9. (1) The State Aid Engineer shall allocate annually (a) the amount of the state aid road allocation of a county under Section 27-65-75(4)(a) and (b) the amount allocated to the county from the Local System Road Program Supplemental Fund created under Section 27-65-75(4)(b) that is requested by such county for use in the construction, reconstruction and paving of local system roads in the county if the county has met the requirements of this chapter. However, * * * the State Aid Engineer shall not allocate more than twenty-five percent (25%) of the annual state aid road allocation of a county for such purposes.

(2) The State Aid Engineer shall allocate annually the amount of the Local System Bridge Replacement and Rehabilitation Program allocation of a county that is requested by such county
for use in the construction, reconstruction and paving of local
system roads in the county if:

(a) The State Aid Engineer has certified, pursuant to
Section 65-37-7, that all the local system bridges within the
county have a sufficiency rating of greater than fifty (50) or
that all such bridges within the county with a sufficiency rating
of fifty (50) or less are currently under contract for replacement
or rehabilitation; and

(b) The county has met the requirements of this
chapter.

(3) The State Aid Engineer shall establish specific designs
and standards to be followed by such counties in the construction,
reconstruction and paving of local system roads. The specific
designs and standards shall be based upon policies on geometric
design of local rural roads, highways and streets adopted and
published by the American Association of State Highway and
Transportation Officials.

SECTION 3. This act shall take effect and be in force from
and after July 1, 2002.