

By: Senator(s) Gordon

To: Appropriations

SENATE BILL NO. 2389

1 AN ACT TO AMEND SECTION 27-25-506, MISSISSIPPI CODE OF 1972,  
2 TO CLARIFY THE MANNER IN WHICH THE STATE'S SHARE OF OIL AND GAS  
3 SEVERANCE TAXES ARE DEPOSITED; TO AMEND SECTIONS 27-25-505 AND  
4 27-25-705, MISSISSIPPI CODE OF 1972, IN CONFORMITY THERETO; AND  
5 FOR RELATED PURPOSES.

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

7 **SECTION 1.** Section 27-25-506, Mississippi Code of 1972, is  
8 amended as follows:

9 27-25-506. There is hereby created a special fund in the  
10 State Treasury into which the state's share of proceeds collected  
11 pursuant to Sections 27-25-505 and 27-25-705 shall be deposited.

12 The state's share of all oil and gas severance taxes derived  
13 from oil and gas resources under state-owned lands or from severed  
14 state-owned minerals shall be deposited into the State Treasury to  
15 the credit of the trust fund created in Section 206A, Mississippi  
16 Constitution of 1890. The following amounts of the remainder of  
17 tax collections apportioned to the state shall be deposited to the  
18 credit of the trust fund created in Section 206A, Mississippi  
19 Constitution of 1890:

20 (a) For fiscal year 1994, all amounts collected in  
21 excess of Thirty-five Million Dollars (\$35,000,000.00);

22 (b) For fiscal year 1995, all amounts collected in  
23 excess of Thirty-two Million Five Hundred Thousand Dollars  
24 (\$32,500,000.00);

25 (c) For fiscal year 1996, all amounts collected in  
26 excess of Thirty Million Dollars (\$30,000,000.00);



27 (d) For fiscal year 1997, all amounts collected in  
28 excess of Twenty-seven Million Five Hundred Thousand Dollars  
29 (\$27,500,000.00);

30 (e) For fiscal year 1998, all amounts collected in  
31 excess of Twenty-five Million Dollars (\$25,000,000.00);

32 (f) For fiscal year 1999, all amounts collected in  
33 excess of Twenty Million Dollars (\$20,000,000.00);

34 (g) For fiscal year 2000, all amounts collected in  
35 excess of Fifteen Million Dollars (\$15,000,000.00);

36 (h) For fiscal year 2001 through December 31, 2000, all  
37 amounts collected and transferred in excess of Ten Million Dollars  
38 (\$10,000,000.00);

39 (i) For fiscal year 2005, all amounts collected in  
40 excess of Ten Million Dollars (\$10,000,000.00);

41 (j) For fiscal year 2006, all amounts collected in  
42 excess of Five Million Dollars (\$5,000,000.00); and

43 (k) For fiscal year 2007 and each fiscal year  
44 thereafter, all such tax collections apportioned to the state  
45 shall be deposited to the credit of the trust fund.

46 The monies collected pursuant to paragraphs (a) through (j)  
47 of this section that are not deposited into the trust fund shall  
48 be deposited into the State General Fund.

49 The remainder of the tax collections apportioned to the state  
50 under this section for the period beginning after December 31,  
51 2000, through the end of fiscal year 2004 shall be deposited into  
52 the Budget Contingency Fund created in Section 27-103-301. All  
53 monies deposited into the Budget Contingency Fund under this  
54 section shall be appropriated by the Legislature for the support  
55 of the Minimum Education Program or to the Mississippi Adequate  
56 Education Program as successor to the Minimum Education Program.

57 **SECTION 2.** Section 27-25-505, Mississippi Code of 1972, is  
58 amended as follows:



59           **[With regard to any county which is exempt from the**  
60 **provisions of Section 19-2-3, this section shall read as follows:]**

61           27-25-505. All taxes herein levied and collected by the  
62 State Tax Commission shall be paid into the State Treasury on the  
63 same day collected. The commissioner shall apportion all such tax  
64 collections to the state and to the county in which the oil was  
65 produced, in accordance with the following schedule and so certify  
66 such apportionment to the State Treasurer at the end of each  
67 month:

68           On the first Six Hundred Thousand Dollars (\$600,000.00) or  
69 any part thereof, sixty-six and two-thirds percent (66-2/3%) to  
70 the state and thirty-three and one-third percent (33-1/3%) to the  
71 county.

72           On the next Six Hundred Thousand Dollars (\$600,000.00) or any  
73 part thereof, ninety percent (90%) to the state and ten percent  
74 (10%) to the county through June 30, 1989; eighty-five percent  
75 (85%) to the state and fifteen percent (15%) to the county from  
76 July 1, 1989, through June 30, 1990; and eighty percent (80%) to  
77 the state and twenty percent (20%) to the county for each fiscal  
78 year thereafter.

79           Above and exceeding One Million Two Hundred Thousand Dollars  
80 (\$1,200,000.00), ninety-five percent (95%) to the state and five  
81 percent (5%) to the county through June 30, 1989; ninety percent  
82 (90%) to the state and ten percent (10%) to the county from July  
83 1, 1989, through June 30, 1990; and eighty-five percent (85%) to  
84 the state and fifteen percent (15%) to the county for each fiscal  
85 year thereafter.

86           The state's share of all oil severance taxes collected  
87 pursuant to this section shall be deposited as provided for in  
88 Section 27-25-506.

89           The State Treasurer shall remit the county's share of said  
90 funds on or before the twentieth day of the month next succeeding  
91 the month in which such collections were made, for division among



92 the municipalities and taxing districts of the county. He shall  
93 accompany his remittance with a report to the county receiving  
94 such funds prepared by the commissioner showing from whom said tax  
95 was collected. Upon receipt of said funds, the board of  
96 supervisors of said county shall allocate the same to the  
97 municipalities and to the various maintenance and bond and  
98 interest funds of the county, school districts, supervisors  
99 districts and road districts, as hereinafter provided.

100 When there shall be any oil producing properties within the  
101 corporate limits of any municipality, then such municipality shall  
102 participate in the division of the tax returned to the county in  
103 which the municipality is located, in the proportion which the tax  
104 on production of oil from any properties located within the  
105 municipal corporate limits bears to the tax on the total  
106 production of oil in the county. In no event, however, shall the  
107 amount allocated to municipalities exceed one-third (1/3) of the  
108 tax produced in the municipality and returned to the county. Any  
109 amount received by any municipality as a result of the allocation  
110 herein provided shall be used only for such purposes as are  
111 authorized by law.

112 The balance remaining of any amount of tax returned to the  
113 county after the allocation to municipalities shall be divided  
114 among the various maintenance and bond interest funds of the  
115 county, school districts, supervisors districts and road  
116 districts, in the discretion of the board of supervisors, and such  
117 board shall make the division in consideration of the needs of the  
118 various taxing districts. The funds so allocated shall be used  
119 only for purposes as are authorized by law.

120 **[With regard to any county which is required to operate on a**  
121 **countywide system of road administration as described in Section**  
122 **19-2-3, this section shall read as follows:]**

123 27-25-505. All taxes herein levied and collected by the  
124 State Tax Commission shall be paid into the State Treasury on the



125 same day collected. The commissioner shall apportion all such tax  
126 collections to the state and to the county in which the oil was  
127 produced, in accordance with the following schedule and so certify  
128 such apportionment to the State Treasurer at the end of each  
129 month:

130 On the first Six Hundred Thousand Dollars (\$600,000.00) or  
131 any part thereof, sixty-six and two-thirds percent (66-2/3%) to  
132 the state and thirty-three and one-third percent (33-1/3%) to the  
133 county.

134 On the next Six Hundred Thousand Dollars (\$600,000.00) or any  
135 part thereof, ninety percent (90%) to the state and ten percent  
136 (10%) to the county through June 30, 1989; eighty-five percent  
137 (85%) to the state and fifteen percent (15%) to the county from  
138 July 1, 1989, through June 30, 1990; and eighty percent (80%) to  
139 the state and twenty percent (20%) to the county for each fiscal  
140 year thereafter.

141 Above and exceeding One Million Two Hundred Thousand Dollars  
142 (\$1,200,000.00), ninety-five percent (95%) to the state and five  
143 percent (5%) to the county through June 30, 1989; ninety percent  
144 (90%) to the state and ten percent (10%) to the county from July  
145 1, 1989, through June 30, 1990; and eighty-five percent (85%) to  
146 the state and fifteen percent (15%) to the county for each fiscal  
147 year thereafter.

148 The state's share of all oil severance taxes collected  
149 pursuant to this section shall be deposited as provided for in  
150 Section 27-25-506.

151 The State Treasurer shall remit the county's share of said  
152 funds on or before the twentieth day of the month next succeeding  
153 the month in which such collections were made, for division among  
154 the municipalities and taxing districts of the county. He shall  
155 accompany his remittance with a report to the county receiving  
156 such funds prepared by the commissioner showing from whom said tax  
157 was collected. Upon receipt of said funds, the board of



158 supervisors of said county shall allocate the same to the  
159 municipalities and to the various maintenance and bond and  
160 interest funds of the county and school districts, as hereinafter  
161 provided.

162         When there shall be any oil producing properties within the  
163 corporate limits of any municipality, then such municipality shall  
164 participate in the division of the tax returned to the county in  
165 which the municipality is located, in the proportion which the tax  
166 on production of oil from any properties located within the  
167 municipal corporate limits bears to the tax on the total  
168 production of oil in the county. In no event, however, shall the  
169 amount allocated to municipalities exceed one-third (1/3) of the  
170 tax produced in the municipality and returned to the county. Any  
171 amount received by any municipality as a result of the allocation  
172 herein provided shall be used only for such purposes as are  
173 authorized by law.

174         The balance remaining of any amount of tax returned to the  
175 county after the allocation to municipalities shall be divided  
176 among the various maintenance and bond interest funds of the  
177 county and school districts, in the discretion of the board of  
178 supervisors, and such board shall make the division in  
179 consideration of the needs of the various taxing districts. The  
180 funds so allocated shall be used only for purposes as are  
181 authorized by law.

182         **SECTION 3.** Section 27-25-705, Mississippi Code of 1972, is  
183 amended as follows:

184         **[With regard to any county which is exempt from the**  
185 **provisions of Section 19-2-3, this section shall read as follows:]**

186         27-25-705. All taxes herein levied and collected by the  
187 State Tax Commission shall be paid into the State Treasury on the  
188 same day in which such taxes are collected. The commissioner  
189 shall apportion all such tax collections to the state and to the  
190 county in which the gas was produced, in the proportion of



191 sixty-six and two-thirds percent (66-2/3%) to the state and  
192 thirty-three and one-third percent (33-1/3%) to the county.  
193 Provided, however, when the producer of gas subject to the tax  
194 levied in this article increases the price of the gas sold and  
195 such increase is subject to approval by a federal regulatory board  
196 or commission, and when the producer of the gas so requests, the  
197 State Treasurer is hereby authorized to hold the severance tax  
198 collected on said price increase in escrow until such time as the  
199 price increase or a portion thereof is finally granted or  
200 approved. The severance tax thus held in escrow shall be  
201 deposited by the State Treasurer to an account in a state  
202 depository to be invested in an interest-bearing account in the  
203 manner provided by law. When the price increase in question or a  
204 portion thereof is granted or approved, the commissioner shall  
205 compute the correct severance tax due on such increase and certify  
206 the amount of tax thus computed. This amount and interest earned  
207 from the depository shall be distributed to the General Fund and  
208 to the county or counties proportionately as herein provided. The  
209 balance, if any, of the tax and interest held in escrow on the  
210 price increase shall be returned to the taxpayer.

211 The state's share of all gas severance taxes collected  
212 pursuant to this section shall be deposited as provided for in  
213 Section 27-25-506.

214 The commissioner shall certify at the end of each month the  
215 apportionment to each county to the State Treasurer, who shall  
216 remit the county's share of said funds on or before the twentieth  
217 day of the month next succeeding the month in which such  
218 collections were made for division among the municipalities and  
219 taxing districts of the county. The commissioner shall submit a  
220 report to the State Treasurer for distribution to each county  
221 receiving such funds showing from whom said tax and interest, if  
222 any, were collected. Upon receipt of said funds, the board of  
223 supervisors of the county shall allocate the same to the



224 municipalities and to the various maintenance and bond and  
225 interest funds of the county, school districts, supervisors  
226 districts and road districts, as hereinafter provided.

227       When there shall be any gas producing properties within the  
228 corporate limits of any municipality, then such municipality shall  
229 participate in the division of the tax and interest, if any,  
230 returned to the county in which the municipality is located in the  
231 proportion which the tax on production of gas from properties  
232 located within the municipal corporate limits bears to the tax on  
233 total production of gas in the county. In no event, however,  
234 shall the amount allocated to the municipalities exceed one-third  
235 (1/3) of the tax and interest produced in the municipality and  
236 returned to the county. Any amount received by any municipality  
237 as a result of the allocation herein provided shall be used for  
238 such purposes as are authorized by law.

239       The balance remaining of any funds returned to the county  
240 after the allocation to municipalities shall be divided among the  
241 various maintenance and bond and interest funds of the county,  
242 school districts, supervisors districts and road districts, in the  
243 discretion of the board of supervisors, and such board shall make  
244 the division in consideration of the needs of the various taxing  
245 districts. The funds so allocated shall be used only for such  
246 purposes as are authorized by law.

247       **[With regard to any county which is required to operate on a**  
248 **countywide system of road administration as described in Section**  
249 **19-2-3, this section shall read as follows:]**

250       27-25-705. All taxes herein levied and collected by the  
251 State Tax Commission shall be paid into the State Treasury on the  
252 same day in which such taxes are collected. The commissioner  
253 shall apportion all such tax collections to the state and to the  
254 county in which the gas was produced, in the proportion of  
255 sixty-six and two-thirds percent (66-2/3%) to the state and  
256 thirty-three and one-third percent (33-1/3%) to the county.





257 Provided, however, when the producer of gas subject to the tax  
258 levied in this article increases the price of the gas sold and  
259 such increase is subject to approval by a federal regulatory board  
260 or commission, and when the producer of the gas so requests, the  
261 State Treasurer is hereby authorized to hold the severance tax  
262 collected on said price increase in escrow until such time as the  
263 price increase or a portion thereof is finally granted or  
264 approved. The severance tax thus held in escrow shall be  
265 deposited by the State Treasurer to an account in a state  
266 depository to be invested in an interest-bearing account in the  
267 manner provided by law. When the price increase in question or a  
268 portion thereof is granted or approved, the commissioner shall  
269 compute the correct severance tax due on such increase and certify  
270 the amount of tax thus computed. This amount and interest earned  
271 from the depository shall be distributed to the General Fund and  
272 to the county or counties proportionately as herein provided. The  
273 balance, if any, of the tax and interest held in escrow on the  
274 price increase shall be returned to the taxpayer.

275 The state's share of all gas severance taxes collected  
276 pursuant to this section shall be deposited as provided for in  
277 Section 27-25-506.

278 The commissioner shall certify at the end of each month the  
279 apportionment to each county to the State Treasurer, who shall  
280 remit the county's share of said funds on or before the twentieth  
281 day of the month next succeeding the month in which such  
282 collections were made for division among the municipalities and  
283 taxing districts of the county. The commissioner shall submit a  
284 report to the State Treasurer for distribution to each county  
285 receiving such funds showing from whom said tax and interest, if  
286 any, were collected. Upon receipt of said funds, the board of  
287 supervisors of the county shall allocate the same to the  
288 municipalities and to the various maintenance and bond and



289 interest funds of the county and school districts, as hereinafter  
290 provided.

291         When there shall be any gas producing properties within the  
292 corporate limits of any municipality, then such municipality shall  
293 participate in the division of the tax and interest, if any,  
294 returned to the county in which the municipality is located in the  
295 proportion which the tax on production of gas from properties  
296 located within the municipal corporate limits bears to the tax on  
297 total production of gas in the county. In no event, however,  
298 shall the amount allocated to the municipalities exceed one-third  
299 (1/3) of the tax and interest produced in the municipality and  
300 returned to the county. Any amount received by any municipality  
301 as a result of the allocation herein provided shall be used for  
302 such purposes as are authorized by law.

303         The balance remaining of any funds returned to the county  
304 after the allocation to municipalities shall be divided among the  
305 various maintenance and bond and interest funds of the county and  
306 school districts, in the discretion of the board of supervisors,  
307 and such board shall make the division in consideration of the  
308 needs of the various taxing districts. The funds so allocated  
309 shall be used only for such purposes as are authorized by law.

310         **SECTION 4.** This act shall take effect and be in force from  
311 and after its passage.

