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

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

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

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

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

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

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

(c) For fiscal year 1996, all amounts collected in excess of Thirty Million Dollars ($30,000,000.00);
(d) For fiscal year 1997, all amounts collected in excess of Twenty-seven Million Five Hundred Thousand Dollars ($27,500,000.00);
(e) For fiscal year 1998, all amounts collected in excess of Twenty-five Million Dollars ($25,000,000.00);
(f) For fiscal year 1999, all amounts collected in excess of Twenty Million Dollars ($20,000,000.00);
(g) For fiscal year 2000, all amounts collected in excess of Fifteen Million Dollars ($15,000,000.00);
(h) For fiscal year 2001 through December 31, 2000, all amounts collected and transferred in excess of Ten Million Dollars ($10,000,000.00);
(i) For fiscal year 2005, all amounts collected in excess of Ten Million Dollars ($10,000,000.00);
(j) For fiscal year 2006, all amounts collected in excess of Five Million Dollars ($5,000,000.00); and
(k) For fiscal year 2007 and each fiscal year thereafter, all such tax collections apportioned to the state shall be deposited to the credit of the trust fund.

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

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

SECTION 2. Section 27-25-505, Mississippi Code of 1972, is amended as follows:
[With regard to any county which is exempt from the provisions of Section 19-2-3, this section shall read as follows:]

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

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

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

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

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

The State Treasurer shall remit the county's share of said funds on or before the twentieth day of the month next succeeding the month in which such collections were made, for division among
the municipalities and taxing districts of the county. He shall accompany his remittance with a report to the county receiving such funds prepared by the commissioner showing from whom said tax was collected. Upon receipt of said funds, the board of supervisors of said county shall allocate the same to the municipalities and to the various maintenance and bond and interest funds of the county, school districts, supervisors districts and road districts, as hereinafter provided.

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

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

[With regard to any county which is required to operate on a countywide system of road administration as described in Section 19-2-3, this section shall read as follows:] 27-25-505. All taxes herein levied and collected by the State Tax Commission shall be paid into the State Treasury on the
same day collected. The commissioner shall apportion all such tax
collections to the state and to the county in which the oil was
produced, in accordance with the following schedule and so certify
such apportionment to the State Treasurer at the end of each
month:

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

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

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

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

The State Treasurer shall remit the county's share of said
funds on or before the twentieth day of the month next succeeding
the month in which such collections were made, for division among
the municipalities and taxing districts of the county. He shall
accompany his remittance with a report to the county receiving
such funds prepared by the commissioner showing from whom said tax
was collected. Upon receipt of said funds, the board of
supervisors of said county shall allocate the same to the
municipalities and to the various maintenance and bond and
interest funds of the county and school districts, as hereinafter
provided.

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

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

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

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

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

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

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

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

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

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

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

27-25-705. All taxes herein levied and collected by the
State Tax Commission shall be paid into the State Treasury on the
same day in which such taxes are collected. The commissioner
shall apportion all such tax collections to the state and to the
county in which the gas was produced, in the proportion of
sixty-six and two-thirds percent (66-2/3%) to the state and
thirty-three and one-third percent (33-1/3%) to the county.
Provided, however, when the producer of gas subject to the tax levied in this article increases the price of the gas sold and such increase is subject to approval by a federal regulatory board or commission, and when the producer of the gas so requests, the State Treasurer is hereby authorized to hold the severance tax collected on said price increase in escrow until such time as the price increase or a portion thereof is finally granted or approved. The severance tax thus held in escrow shall be deposited by the State Treasurer to an account in a state depository to be invested in an interest-bearing account in the manner provided by law. When the price increase in question or a portion thereof is granted or approved, the commissioner shall compute the correct severance tax due on such increase and certify the amount of tax thus computed. This amount and interest earned from the depository shall be distributed to the General Fund and to the county or counties proportionately as herein provided. The balance, if any, of the tax and interest held in escrow on the price increase shall be returned to the taxpayer.

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

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

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

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

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