

By: Senator(s) Williamson

To: Highways and  
Transportation; Finance

SENATE BILL NO. 2643

1 AN ACT TO AMEND SECTION 27-65-75, MISSISSIPPI CODE OF 1972,  
2 TO INCREASE THE AMOUNT OF FUEL TAX PROCEEDS THAT ARE DIVERTED TO  
3 THE STATE AID ROAD PROGRAM; TO PROVIDE THAT THE INCREASE IN FUEL  
4 TAX DIVERSIONS SHALL BE DEPOSITED INTO A SPECIAL FUND FOR THE  
5 PURPOSE OF PROVIDING ADDITIONAL MONIES FOR THE LOCAL SYSTEM ROAD  
6 PROGRAM; TO PROVIDE THAT MONIES IN THE SPECIAL FUND SHALL BE  
7 ALLOCATED TO THE COUNTIES BASED UPON THE STATE AID ROAD FORMULA;  
8 TO AMEND SECTION 65-18-9, MISSISSIPPI CODE OF 1972, IN CONFORMITY  
9 WITH THE PROVISIONS OF THIS ACT; AND FOR RELATED PURPOSES.

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

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

13 27-65-75. On or before the fifteenth day of each month, the  
14 revenue collected under the provisions of this chapter during the  
15 preceding month shall be paid and distributed as follows:

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



31 A municipal corporation, for the purpose of distributing the  
32 tax under this subsection, shall mean and include all incorporated  
33 cities, towns and villages.

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

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

47 (2) On or before September 15, 1987, and each succeeding  
48 month thereafter, from the revenue collected under this chapter  
49 during the preceding month One Million One Hundred Twenty-five  
50 Thousand Dollars (\$1,125,000.00) shall be allocated for  
51 distribution to municipal corporations as defined under subsection  
52 (1) of this section in the proportion that the number of gallons  
53 of gasoline and diesel fuel sold by distributors to consumers and  
54 retailers in each such municipality during the preceding fiscal  
55 year bears to the total gallons of gasoline and diesel fuel sold  
56 by distributors to consumers and retailers in municipalities  
57 statewide during the preceding fiscal year. The State Tax  
58 Commission shall require all distributors of gasoline and diesel  
59 fuel to report to the commission monthly the total number of  
60 gallons of gasoline and diesel fuel sold by them to consumers and  
61 retailers in each municipality during the preceding month. The  
62 State Tax Commission shall have the authority to promulgate such  
63 rules and regulations as is necessary to determine the number of



64 gallons of gasoline and diesel fuel sold by distributors to  
65 consumers and retailers in each municipality. In determining the  
66 percentage allocation of funds under this subsection for the  
67 fiscal year beginning July 1, 1987, and ending June 30, 1988, the  
68 State Tax Commission may consider gallons of gasoline and diesel  
69 fuel sold for a period of less than one (1) fiscal year. For the  
70 purposes of this subsection, the term "fiscal year" means the  
71 fiscal year beginning July 1 of a year.

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

84 (4) (a) On or before August 15, 1994, and on or before the  
85 fifteenth day of each succeeding month through July 15, 1999, from  
86 the proceeds of gasoline, diesel fuel or kerosene taxes as  
87 provided in Section 27-5-101(a)(ii)1, Four Million Dollars  
88 (\$4,000,000.00) shall be deposited in the State Treasury to the  
89 credit of a special fund designated as the "State Aid Road Fund,"  
90 created by Section 65-9-17. On or before August 15, 1999, and on  
91 or before the fifteenth day of each succeeding month, from the  
92 total amount of the proceeds of gasoline, diesel fuel or kerosene  
93 taxes apportioned by Section 27-5-101(a)(ii)1, Four Million  
94 Dollars (\$4,000,000.00) or an amount equal to twenty-three and  
95 one-fourth percent (23.25%) of such funds, whichever is the  
96 greater amount, shall be deposited in the State Treasury to the



97 credit of the "State Aid Road Fund," created by Section 65-9-17.  
98 On or before August 15, 2002, and on or before the fifteenth day  
99 of each succeeding month, there shall be deducted from the total  
100 amount of the proceeds of gasoline, diesel fuel or kerosene taxes  
101 apportioned by Section 27-5-101(a)(ii)1, Four Million Dollars  
102 (\$4,000,000.00) or an amount equal to twenty-eight and one-fourth  
103 percent (28.25%) of such funds, whichever is the greater amount.  
104 The amount so deducted, less the amount prescribed in paragraph  
105 (b) of this subsection shall be deposited in the State Treasury to  
106 the credit of the "State Aid Road Fund," created by Section  
107 65-9-17. Such funds as are deposited in the State Aid Road Fund  
108 shall be pledged to pay the principal of and interest on state aid  
109 road bonds heretofore issued under Sections 19-9-51 through  
110 19-9-77, in lieu of and in substitution for the funds heretofore  
111 allocated to counties under this section. Such funds may not be  
112 pledged for the payment of any state aid road bonds issued after  
113 April 1, 1981; however, this prohibition against the pledging of  
114 any such funds for the payment of bonds shall not apply to any  
115 bonds for which intent to issue such bonds has been published, for  
116 the first time, as provided by law prior to March 29, 1981. From  
117 the amount of taxes paid into the special fund pursuant to this  
118 paragraph (a) and subsection (9) of this section, there shall be  
119 first deducted and paid the amount necessary to pay the expenses  
120 of the Office of State Aid Road Construction, as authorized by the  
121 Legislature for all other general and special fund agencies. The  
122 remainder of the fund shall be allocated monthly to the several  
123 counties in accordance with the following formula:  
124       (i) One-third (1/3) shall be allocated to all counties  
125 in equal shares;  
126       (ii) One-third (1/3) shall be allocated to counties  
127 based on the proportion that the total number of rural road miles  
128 in a county bears to the total number of rural road miles in all  
129 counties of the state; and



130           (iii) One-third (1/3) shall be allocated to counties  
131 based on the proportion that the rural population of the county  
132 bears to the total rural population in all counties of the state,  
133 according to the latest federal decennial census.

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

137           The amount of funds allocated to any county under this  
138 paragraph (a) for any fiscal year after fiscal year 1994 shall not  
139 be less than the amount allocated to such county for fiscal year  
140 1994. Monies allocated to a county from the State Aid Road Fund  
141 for fiscal year 1995 or any fiscal year thereafter that exceed the  
142 amount of funds allocated to that county from the State Aid Road  
143 Fund for fiscal year 1994, first must be expended by the county  
144 for replacement or rehabilitation of bridges on the state aid road  
145 system that have a sufficiency rating of less than twenty-five  
146 (25), according to National Bridge Inspection standards before  
147 such monies may be approved for expenditure by the State Aid Road  
148 Engineer on other projects that qualify for the use of state aid  
149 road funds.

150           Any reference in the general laws of this state or the  
151 Mississippi Code of 1972 to Section 27-5-105 shall mean and be  
152 construed to refer and apply to subsection (4) (a) of Section  
153 27-65-75.

154           (b) If, under paragraph (a) of this subsection (4), the  
155 amount deducted from the total amount of the proceeds of gasoline,  
156 diesel fuel or kerosene taxes apportioned by Section  
157 27-5-101(a)(ii)1, is greater than Four Million Dollars  
158 (\$4,000,000.00), then the amount by which such deduction exceeds,  
159 if any, twenty-three and one-fourth percent (23.25%) of such tax  
160 proceeds shall be deposited into a special fund in the State  
161 Treasury to be known as the "Local System Road Program  
162 Supplemental Fund." Monies in such special fund shall be



163 allocated to the several counties for expenditure on projects  
164 approved under the Local System Road Program created under Chapter  
165 18 of Title 65, Mississippi Code of 1972, in accordance with the  
166 same formula for allocation of state aid funds to counties under  
167 paragraphs (a)(i), (a)(ii) and (a)(iii) of this subsection (4).

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

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

179 (7) On or before August 15, 1992, and each succeeding month  
180 thereafter through July 15, 2000, two and two hundred sixty-six  
181 one-thousandths percent (2.266%) of the total sales tax revenue  
182 collected during the preceding month under the provisions of this  
183 chapter, except that collected under the provisions of Section  
184 27-65-17(2) shall be deposited by the commission into the School  
185 Ad Valorem Tax Reduction Fund created pursuant to Section  
186 37-61-35. On or before August 15, 2000, and each succeeding month  
187 thereafter, two and two hundred sixty-six one-thousandths percent  
188 (2.266%) of the total sales tax revenue collected during the  
189 preceding month under the provisions of this chapter, except that  
190 collected under the provisions of Section 27-65-17(2), shall be  
191 deposited into the School Ad Valorem Tax Reduction Fund created  
192 under Section 37-61-35 until such time that the total amount  
193 deposited into the fund during a fiscal year equals Forty-two  
194 Million Dollars (\$42,000,000.00). Thereafter, the amounts  
195 diverted under this subsection (7) during the fiscal year in



196 excess of Forty-two Million Dollars (\$42,000,000.00) shall be  
197 deposited into the Education Enhancement Fund created under  
198 Section 37-61-33 for appropriation by the Legislature as other  
199 education needs and shall not be subject to the percentage  
200 appropriation requirements set forth in Section 37-61-33.

201 (8) On or before August 15, 1992, and each succeeding month  
202 thereafter, nine and seventy-three one-thousandths percent  
203 (9.073%) of the total sales tax revenue collected during the  
204 preceding month under the provisions of this chapter, except that  
205 collected under the provisions of Section 27-65-17(2) shall be  
206 deposited into the Education Enhancement Fund created pursuant to  
207 Section 37-61-33.

208 (9) On or before August 15, 1994, and each succeeding month  
209 thereafter, from the revenue collected under this chapter during  
210 the preceding month, Two Hundred Fifty Thousand Dollars  
211 (\$250,000.00) shall be paid into the State Aid Road Fund.

212 (10) On or before August 15, 1994, and each succeeding month  
213 thereafter through August 15, 1995, from the revenue collected  
214 under this chapter during the preceding month, Two Million Dollars  
215 (\$2,000,000.00) shall be deposited into the Motor Vehicle Ad  
216 Valorem Tax Reduction Fund established in Section 27-51-105.

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

226 (12) Notwithstanding any other provision of this section to  
227 the contrary, on or before August 15, 1995, and each succeeding  
228 month thereafter, the sales tax revenue collected during the



229 preceding month under the provisions of Section 27-65-17(1) on  
230 retail sales of private carriers of passengers and light carriers  
231 of property, as defined in Section 27-51-101 and the corresponding  
232 levy in Section 27-65-23 on the rental or lease of these vehicles,  
233 shall be deposited, after diversion, into the Motor Vehicle Ad  
234 Valorem Tax Reduction Fund established in Section 27-51-105.

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

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

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

256 (16) On or before August 15, 2000, and each succeeding month  
257 thereafter, the sales tax revenue collected during the preceding  
258 month under the provisions of this chapter on the gross proceeds  
259 of sales of a project as defined in Section 57-30-1 shall be  
260 deposited, after all diversions except the diversion provided for





261 in subsection (1) of this section, into the Sales Tax Incentive  
262 Fund created in Section 57-30-3.

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

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

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

281 65-18-9. (1) The State Aid Engineer shall allocate annually  
282 (a) the amount of the state aid road allocation of a county under  
283 Section 27-65-75(4)(a) and (b) the amount allocated to the county  
284 from the Local System Road Program Supplemental Fund created under  
285 Section 27-65-75(4)(b) that is requested by such county for use in  
286 the construction, reconstruction and paving of local system roads  
287 in the county if the county has met the requirements of this  
288 chapter. However, \* \* \* the State Aid Engineer shall not allocate  
289 more than twenty-five percent (25%) of the annual state aid road  
290 allocation of a county for such purposes.

291 (2) The State Aid Engineer shall allocate annually the  
292 amount of the Local System Bridge Replacement and Rehabilitation  
293 Program allocation of a county that is requested by such county



294 for use in the construction, reconstruction and paving of local  
295 system roads in the county if:

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

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

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

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

