

By: Senator(s) Bryan

To: Finance

SENATE BILL NO. 2976

1 AN ACT TO AMEND SECTION 27-65-75, MISSISSIPPI CODE OF 1972,
2 TO PROVIDE THAT THE SALES TAX DIVERTED TO MUNICIPAL CORPORATIONS
3 SHALL BE DISTRIBUTED AND PAID TO SUCH MUNICIPAL CORPORATIONS IN
4 THE PROPORTION THAT THE POPULATION OF EACH MUNICIPALITY BEARS TO
5 THE TOTAL POPULATION OF ALL MUNICIPALITIES; AND FOR RELATED
6 PURPOSES.

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

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

10 27-65-75. On or before the fifteenth day of each month, the
11 revenue collected under the provisions of this chapter during the
12 preceding month shall be paid and distributed as follows:

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



29 to the total population of all municipalities in this state,
30 according to the latest decennial census.

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. The State Tax Commission
47 shall determine the population of such county seat for purposes of
48 the distribution.

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



62 gallons of gasoline and diesel fuel sold by them to consumers and
63 retailers in each municipality during the preceding month. The
64 State Tax Commission shall have the authority to promulgate such
65 rules and regulations as is necessary to determine the number of
66 gallons of gasoline and diesel fuel sold by distributors to
67 consumers and retailers in each municipality. In determining the
68 percentage allocation of funds under this subsection for the
69 fiscal year beginning July 1, 1987, and ending June 30, 1988, the
70 State Tax Commission may consider gallons of gasoline and diesel
71 fuel sold for a period of less than one (1) fiscal year. For the
72 purposes of this subsection, the term "fiscal year" means the
73 fiscal year beginning July 1 of a year.

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

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



95 taxes apportioned by Section 27-5-101(a)(ii)1, Four Million
96 Dollars (\$4,000,000.00) or an amount equal to twenty-three and
97 one-fourth percent (23.25%) of such funds, whichever is the
98 greater amount, shall be deposited in the State Treasury to the
99 credit of the "State Aid Road Fund," created by Section 65-9-17.
100 Such funds shall be pledged to pay the principal of and interest
101 on state aid road bonds heretofore issued under Sections 19-9-51
102 through 19-9-77, in lieu of and in substitution for the funds
103 heretofore allocated to counties under this section. Such funds
104 may not be pledged for the payment of any state aid road bonds
105 issued after April 1, 1981; however, this prohibition against the
106 pledging of any such funds for the payment of bonds shall not
107 apply to any bonds for which intent to issue such bonds has been
108 published, for the first time, as provided by law prior to March
109 29, 1981. From the amount of taxes paid into the special fund
110 pursuant to this subsection and subsection (9) of this section,
111 there shall be first deducted and paid the amount necessary to pay
112 the expenses of the Office of State Aid Road Construction, as
113 authorized by the Legislature for all other general and special
114 fund agencies. The remainder of the fund shall be allocated
115 monthly to the several counties in accordance with the following
116 formula:

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

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

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



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

130 The amount of funds allocated to any county under this
131 subsection for any fiscal year after fiscal year 1994 shall not be
132 less than the amount allocated to such county for fiscal year
133 1994. Monies allocated to a county from the State Aid Road Fund
134 for fiscal year 1995 or any fiscal year thereafter that exceed the
135 amount of funds allocated to that county from the State Aid Road
136 Fund for fiscal year 1994, first must be expended by the county
137 for replacement or rehabilitation of bridges on the state aid road
138 system that have a sufficiency rating of less than twenty-five
139 (25), according to National Bridge Inspection standards before
140 such monies may be approved for expenditure by the State Aid Road
141 Engineer on other projects that qualify for the use of state aid
142 road funds.

143 Any reference in the general laws of this state or the
144 Mississippi Code of 1972 to Section 27-5-105 shall mean and be
145 construed to refer and apply to subsection (4) of Section
146 27-65-75.

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

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

158 (7) On or before August 15, 1992, and each succeeding month
159 thereafter through July 15, 2000, two and two hundred sixty-six



160 one-thousandths percent (2.266%) of the total sales tax revenue
161 collected during the preceding month under the provisions of this
162 chapter, except that collected under the provisions of Section
163 27-65-17(2) shall be deposited by the commission into the School
164 Ad Valorem Tax Reduction Fund created pursuant to Section
165 37-61-35. On or before August 15, 2000, and each succeeding month
166 thereafter, two and two hundred sixty-six one-thousandths percent
167 (2.266%) of the total sales tax revenue collected during the
168 preceding month under the provisions of this chapter, except that
169 collected under the provisions of Section 27-65-17(2), shall be
170 deposited into the School Ad Valorem Tax Reduction Fund created
171 under Section 37-61-35 until such time that the total amount
172 deposited into the fund during a fiscal year equals Forty-two
173 Million Dollars (\$42,000,000.00). Thereafter, the amounts
174 diverted under this subsection (7) during the fiscal year in
175 excess of Forty-two Million Dollars (\$42,000,000.00) shall be
176 deposited into the Education Enhancement Fund created under
177 Section 37-61-33 for appropriation by the Legislature as other
178 education needs and shall not be subject to the percentage
179 appropriation requirements set forth in Section 37-61-33.

180 (8) On or before August 15, 1992, and each succeeding month
181 thereafter, nine and seventy-three one-thousandths percent
182 (9.073%) of the total sales tax revenue collected during the
183 preceding month under the provisions of this chapter, except that
184 collected under the provisions of Section 27-65-17(2) shall be
185 deposited into the Education Enhancement Fund created pursuant to
186 Section 37-61-33.

187 (9) On or before August 15, 1994, and each succeeding month
188 thereafter, from the revenue collected under this chapter during
189 the preceding month, Two Hundred Fifty Thousand Dollars
190 (\$250,000.00) shall be paid into the State Aid Road Fund.

191 (10) On or before August 15, 1994, and each succeeding month
192 thereafter through August 15, 1995, from the revenue collected



193 under this chapter during the preceding month, Two Million Dollars
194 (\$2,000,000.00) shall be deposited into the Motor Vehicle Ad
195 Valorem Tax Reduction Fund established in Section 27-51-105.

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

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

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

222 (14) On or before August 15, 1998, and each succeeding month
223 thereafter through July 15, 2005, that portion of the avails of
224 the tax imposed in Section 27-65-23 which is derived from sales by
225 cotton compresses or cotton warehouses and which would otherwise



226 be paid into the General Fund, shall be deposited in an amount not
227 to exceed Two Million Dollars (\$2,000,000.00) into the special
228 fund created pursuant to Section 69-37-39.

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

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

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

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



258 **SECTION 2.** This act shall take effect and be in force from
259 and after July 1, 2002.

