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. 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 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)1, 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 through August 15, 2003, from the total amount of the proceeds of gasoline, diesel fuel or kerosene taxes apportioned by Section 27-5-101(a)(ii)1, 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, 2003, 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 into 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

(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) 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.

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.

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.

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.

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) and (g)(i)2, 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) Notwithstanding any other provision of this section to the contrary, on or before April 15, 2002, and each succeeding month thereafter, the sales tax revenue collected during the preceding month under Section 27-65-23 on sales of parking services of parking garages and lots at airports shall be deposited, without diversion, into the special fund created pursuant to Section 27-5-101(d).

(18) 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.

(19) 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, 2003.