

By: Senator(s) Williamson, Dickerson

To: Finance

SENATE BILL NO. 2544

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 highway program  
77 created under Section 65-3-97 shall, except as otherwise provided  
78 in Section 31-17-127, be deposited into the State Treasury to the  
79 credit of the State Highway Fund to be used to fund such Four-Lane  
80 Highway Program. The Mississippi Department of Transportation  
81 shall provide to the State Tax Commission such information as is  
82 necessary to determine the amount of proceeds to be distributed  
83 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 through  
92 August 15, 2003, from the total amount of the proceeds of  
93 gasoline, diesel fuel or kerosene taxes apportioned by Section  
94 27-5-101(a)(ii)1, Four Million Dollars (\$4,000,000.00) or an  
95 amount equal to twenty-three and one-fourth percent (23.25%) of  
96 such funds, whichever is the greater amount, shall be deposited in



97 the State Treasury to the credit of the "State Aid Road Fund,"  
98 created by Section 65-9-17. On or before August 15, 2003, and on  
99 or before the fifteenth day of each succeeding month, there shall  
100 be deducted from the total amount of the proceeds of gasoline,  
101 diesel fuel or kerosene taxes apportioned by Section  
102 27-5-101(a)(ii)1, Four Million Dollars (\$4,000,000.00) or an  
103 amount equal to twenty-eight and one-fourth percent (28.25%) of  
104 such funds, whichever is the greater amount. The amount so  
105 deducted, less the amount prescribed in paragraph (b) of this  
106 subsection shall be deposited in the State Treasury to the credit  
107 of the "State Aid Road Fund," created by Section 65-9-17. Such  
108 funds as are deposited into the State Aid Road Fund shall be  
109 pledged to pay the principal of and interest on state aid road  
110 bonds heretofore issued under Sections 19-9-51 through 19-9-77, in  
111 lieu of and in substitution for the funds heretofore allocated to  
112 counties under this section. Such funds may not be pledged for  
113 the payment of any state aid road bonds issued after April 1,  
114 1981; however, this prohibition against the pledging of any such  
115 funds for the payment of bonds shall not apply to any bonds for  
116 which intent to issue such bonds has been published, for the first  
117 time, as provided by law prior to March 29, 1981. From the amount  
118 of taxes paid into the special fund pursuant to this paragraph (a)  
119 and subsection (9) of this section, there shall be first deducted  
120 and paid the amount necessary to pay the expenses of the Office of  
121 State Aid Road Construction, as authorized by the Legislature for  
122 all other general and special fund agencies. The remainder of the  
123 fund shall be allocated monthly to the several counties in  
124 accordance with the following formula:

125           (i) One-third (1/3) shall be allocated to all  
126 counties in equal shares;

127           (ii) One-third (1/3) shall be allocated to  
128 counties based on the proportion that the total number of rural



129 road miles in a county bears to the total number of rural road  
130 miles in all counties of the state; and

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

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

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

151 Any reference in the general laws of this state or the  
152 Mississippi Code of 1972 to Section 27-5-105 shall mean and be  
153 construed to refer and apply to subsection (4) of Section  
154 27-65-75.

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



162 Treasury to be known as the "Local System Road Program  
163 Supplemental Fund." Monies in such special fund shall be  
164 allocated to the several counties for expenditure on projects  
165 approved under the Local System Road Program created under Chapter  
166 18 of Title 65, Mississippi Code of 1972, in accordance with the  
167 same formula for allocation of state aid funds to counties under  
168 paragraphs (a)(i), (a)(ii) and (a)(iii) of this subsection (4).

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

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

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



195 Million Dollars (\$42,000,000.00). Thereafter, the amounts  
196 diverted under this subsection (7) during the fiscal year in  
197 excess of Forty-two Million Dollars (\$42,000,000.00) shall be  
198 deposited into the Education Enhancement Fund created under  
199 Section 37-61-33 for appropriation by the Legislature as other  
200 education needs and shall not be subject to the percentage  
201 appropriation requirements set forth in Section 37-61-33.

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

209 (9) On or before August 15, 1994, and each succeeding month  
210 thereafter, from the revenue collected under this chapter during  
211 the preceding month, Two Hundred Fifty Thousand Dollars  
212 (\$250,000.00) shall be paid into the State Aid Road Fund.

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

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



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

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

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

251 (15) Notwithstanding any other provision of this section to  
252 the contrary, on or before September 15, 2000, and each succeeding  
253 month thereafter, the sales tax revenue collected during the  
254 preceding month under the provisions of Section 27-65-19(1)(f) and  
255 (g)(i)2, shall be deposited, without diversion, into the  
256 Telecommunications Ad Valorem Tax Reduction Fund established in  
257 Section 27-38-7.

258 (16) On or before August 15, 2000, and each succeeding month  
259 thereafter, the sales tax revenue collected during the preceding





260 month under the provisions of this chapter on the gross proceeds  
261 of sales of a project as defined in Section 57-30-1 shall be  
262 deposited, after all diversions except the diversion provided for  
263 in subsection (1) of this section, into the Sales Tax Incentive  
264 Fund created in Section 57-30-3.

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

272 (18) The remainder of the amounts collected under the  
273 provisions of this chapter shall be paid into the State Treasury  
274 to the credit of the General Fund.

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

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

290 65-18-9. (1) The State Aid Engineer shall allocate annually  
291 (a) the amount of the state aid road allocation of a county under  
292 Section 27-65-75(4)(a), and (b) the amount allocated to the county



293 from the Local System Road Program Supplemental Fund created under  
294 Section 27-65-75(4)(b) that is requested by such county for use in  
295 the construction, reconstruction and paving of local system roads  
296 in the county if the county has met the requirements of this  
297 chapter. \* \* \* However, \* \* \* the State Aid Engineer shall not  
298 allocate more than twenty-five percent (25%) of the annual state  
299 aid road allocation of a county for such purposes.

300 (2) The State Aid Engineer shall allocate annually the  
301 amount of the Local System Bridge Replacement and Rehabilitation  
302 Program allocation of a county that is requested by such county  
303 for use in the construction, reconstruction and paving of local  
304 system roads in the county if:

305 (a) The State Aid Engineer has certified, pursuant to  
306 Section 65-37-7, that all the local system bridges within the  
307 county have a sufficiency rating of greater than fifty (50) or  
308 that all such bridges within the county with a sufficiency rating  
309 of fifty (50) or less are currently under contract for replacement  
310 or rehabilitation; and

311 (b) The county has met the requirements of this  
312 chapter.

313 (3) The State Aid Engineer shall establish specific designs  
314 and standards to be followed by such counties in the construction,  
315 reconstruction and paving of local system roads. The specific  
316 designs and standards shall be based upon policies on geometric  
317 design of local rural roads, highways and streets adopted and  
318 published by the American Association of State Highway and  
319 Transportation Officials.

320 **SECTION 3.** This act shall take effect and be in force from  
321 and after July 1, 2003.

