AN ACT TO AUTHORIZE THE GOVERNING AUTHORITIES OF THE CITY OF
HOUSTON, MISSISSIPPI, TO LEVY A TAX UPON THE GROSS PROCEEDS OF
HOTELS AND MOTELS DERIVED FROM ROOM RENTALS AND UPON THE GROSS
PROCEEDS OF SALES OF RESTAURANTS; TO PROVIDE THAT SUCH TAX SHALL
BE COLLECTED BY THE STATE TAX COMMISSION; TO PROVIDE THAT THE
REVENUE RECEIVED BY THE CITY OF HOUSTON FROM SUCH TAX SHALL BE
DEDICATED AND EXPENDED SOLELY TO RETIRE THE DEBT AND MAINTAIN THE
HIGHWAY 15 BYPASS RECREATIONAL AND TOURIST PROJECT AND TO PROMOTE
TOURISM; AND FOR RELATED PURPOSES.

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

SECTION 1. As used in this act, the following terms shall
have the meanings ascribed to them in this section unless a
different meaning is clearly indicated by the context in which
they are used:

(a) "Governing authorities" mean the Mayor and Board of
Aldermen of the City of Houston, Mississippi.

(b) "Hotel," "motel" or "bed and breakfast" means any
establishment engaged in the business of furnishing or providing
ten (10) or more rooms intended or designed for dwelling, lodging
or sleeping purposes to transient guests and which are known in
the trade as such. The term "hotel," "motel" or "bed and
breakfast" does not include any hospital, convalescent or nursing
home or sanitarium, or any hotel-like facility operated by or in
connection with a hospital or medical clinic providing rooms
exclusively for patients and their families.

(c) "Restaurant" means all places, including hotel and
motel dining rooms, cafeterias, cafes, lunch stands, grocery and
convenience stands, where prepared food and beverages are sold for
consumption, whether such food is consumed on the premises or not.
The term "restaurant" does not include any school, hospital,
convalescent or nursing home, or any restaurant-like facility operated by or in connection with a school, hospital, medical clinic, convalescent or nursing home providing food for students, patients, visitors or their families.

(d) "Prepared food" means food prepared on the premises of a restaurant.

SECTION 2. (1) For the purpose of providing funds to retire the debt upon and maintain the Highway 15 Bypass Recreational and Tourist project and to promote tourism in the City of Houston, the governing authorities are authorized, in their discretion, to levy and collect from the following persons a tax, which shall be in addition to all of the taxes and assessments imposed. The tax shall be on the following persons:

(a) A tax upon every person, firm or corporation operating a hotel, motel or bed and breakfast in the City of Houston, at a rate not to exceed two percent (2%) of the gross proceeds derived from room rentals; and

(b) A tax upon every person, firm or corporation operating a restaurant in the City of Houston, where prepared food and drink is sold to the public, at a rate not to exceed two percent (2%) of the gross proceeds of the sales of such restaurant.

(2) Persons, firms or corporations liable for the levy imposed under subsection (1) of this section shall add the amount of the levy to the sales price of the rooms and products set out in subsection (1) of this section and shall collect, insofar as is practicable, the amount of the tax due by them from the person receiving the services or product at the time of payment therefor.

(3) Such tax shall be collected by and paid to the State Tax Commission on a form prescribed by the State Tax Commission in the manner that state sales taxes are computed, collected and paid; and full enforcement provisions and all other provisions of
Chapter 65, Title 27, Mississippi Code of 1972, shall apply as necessary to the implementation and administration of this act.

(4) The proceeds of such tax, less three percent (3%) thereof which shall be retained by the State Tax Commission to defray the cost of collection, shall be paid to the governing authorities, on or before the fifteenth day of the month in which collected.

(5) The proceeds of such tax shall not be considered by the City of Houston as general fund revenues but shall be dedicated to and expended solely for the purposes specified in this section.

SECTION 3. Before the tax authorized by this act may be imposed, the governing authorities must adopt a resolution declaring their intention to levy the tax, setting forth the amount of such tax and establishing the date on which this tax initially shall be levied and collected. Notice of the tax shall be published once each week for at least three (3) consecutive weeks in a newspaper having a general circulation in the City of Houston, the first publication of which shall be made not less than twenty-one (21) days before the date on which the tax initially is to be levied and collected. If, within the time of giving notice, twenty percent (20%) or one fifteen hundred (1,500), whichever is less, of the qualified electors of the City of Houston, file a written petition against the levy of such tax, then such tax shall not be levied unless authorized by a majority of the qualified electors of the City of Houston voting at an election to be called and held for that purpose. At least thirty (30) days before the effective date of the tax, the governing authorities shall furnish to the State Tax Commission a certified copy of the resolution evidencing such tax.

SECTION 4. Accounting for receipts and expenditures of the funds described in this act must be made separately from the accounting of receipts and expenditures of the general fund and any other funds of the City of Houston. The records reflecting
the receipts and expenditures of the funds prescribed in this act shall be audited annually by an independent certified public accountant, and the accountant shall make a written report of his audit to the governing authorities. The audit shall be made and completed as soon as practicable after the close of the fiscal year, and expenses of such audit shall be paid from the funds derived pursuant to this act.

SECTION 5. The governing authorities are directed to submit this act, immediately upon approval by the Governor, or upon approval by the Legislature subsequent to a veto, to the Attorney General of the United States or to the United States District Court for the District of Columbia in accordance with the provisions of the Voting Rights Act of 1965, as amended and extended.

SECTION 6. This act shall take effect and be in force from and after the date it is effectuated under Section 5 of the Voting Rights Act of 1965, as amended and extended, and shall stand repealed from and after July 1, 2007.