

By: Senator(s) Gordon (By Request)

To: Local and Private;  
Finance

COMMITTEE SUBSTITUTE  
FOR  
SENATE BILL NO. 2919

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

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

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

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

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

26 (c) "Restaurant" means all places, including hotel and  
27 motel dining rooms, cafeterias, cafes, lunch stands, grocery and  
28 convenience stands, where prepared food and beverages are sold for  
29 consumption, whether such food is consumed on the premises or not.  
30 The term "restaurant" does not include any school, hospital,



31 convalescent or nursing home, or any restaurant-like facility  
32 operated by or in connection with a school, hospital, medical  
33 clinic, convalescent or nursing home providing food for students,  
34 patients, visitors or their families.

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

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

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

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

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

59 (3) Such tax shall be collected by and paid to the State Tax  
60 Commission on a form prescribed by the State Tax Commission in the  
61 manner that state sales taxes are computed, collected and paid;  
62 and full enforcement provisions and all other provisions of



63 Chapter 65, Title 27, Mississippi Code of 1972, shall apply as  
64 necessary to the implementation and administration of this act.

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

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

73 **SECTION 3.** Before the tax authorized by this act may be  
74 imposed, the governing authorities must adopt a resolution  
75 declaring their intention to levy the tax, setting forth the  
76 amount of such tax and establishing the date on which this tax  
77 initially shall be levied and collected. Notice of the tax shall  
78 be published once each week for at least three (3) consecutive  
79 weeks in a newspaper having a general circulation in the City of  
80 Houston, the first publication of which shall be made not less  
81 than twenty-one (21) days before the date on which the tax  
82 initially is to be levied and collected. If, within the time of  
83 giving notice, twenty percent (20%) or one fifteen hundred  
84 (1,500), whichever is less, of the qualified electors of the City  
85 of Houston, file a written petition against the levy of such tax,  
86 then such tax shall not be levied unless authorized by a majority  
87 of the qualified electors of the City of Houston voting at an  
88 election to be called and held for that purpose. At least thirty  
89 (30) days before the effective date of the tax, the governing  
90 authorities shall furnish to the State Tax Commission a certified  
91 copy of the resolution evidencing such tax.

92 **SECTION 4.** Accounting for receipts and expenditures of the  
93 funds described in this act must be made separately from the  
94 accounting of receipts and expenditures of the general fund and  
95 any other funds of the City of Houston. The records reflecting



96 the receipts and expenditures of the funds prescribed in this act  
97 shall be audited annually by an independent certified public  
98 accountant, and the accountant shall make a written report of his  
99 audit to the governing authorities. The audit shall be made and  
100 completed as soon as practicable after the close of the fiscal  
101 year, and expenses of such audit shall be paid from the funds  
102 derived pursuant to this act.

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

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

