

By: Representative Mayo

To: Ways and Means

HOUSE BILL NO. 1411

1 AN ACT TO AMEND SECTION 27-65-75, MISSISSIPPI CODE OF 1972,  
2 TO PROVIDE FOR THE DEPOSIT OF A PORTION OF THE STATE SALES TAX  
3 REVENUE INTO THE HOMESTEAD EXEMPTION TAX LOSS REIMBURSEMENT FUND;  
4 TO CREATE THE HOMESTEAD EXEMPTION TAX LOSS REIMBURSEMENT FUND; TO  
5 PROVIDE THAT MONIES IN THE FUND SHALL BE USED FOR THE PURPOSE OF  
6 MAKING REIMBURSEMENT PAYMENTS FOR TAX LOSSES RESULTING FROM  
7 HOMESTEAD EXEMPTION; AND FOR RELATED PURPOSES.

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

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

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

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

29           A municipal corporation, for the purpose of distributing the  
30 tax under this subsection, shall mean and include all incorporated  
31 cities, towns and villages.

32           Monies allocated for distribution and credited to a municipal  
33 corporation under this subsection may be pledged as security for  
34 any loan received by the municipal corporation for the purpose of  
35 capital improvements as authorized under Section 57-1-303, or  
36 loans as authorized under Section 57-44-7, or water systems  
37 improvements as authorized under Section 41-3-16.

38           In any county having a county seat which is not an  
39 incorporated municipality, the distribution provided hereunder  
40 shall be made as though the county seat was an incorporated  
41 municipality; however, the distribution to such municipality shall  
42 be paid to the county treasury wherein the municipality is located  
43 and such funds shall be used for road, bridge and street  
44 construction or maintenance therein.

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

62 gallons of gasoline and diesel fuel sold by distributors to  
63 consumers and retailers in each municipality. In determining the  
64 percentage allocation of funds under this subsection for the  
65 fiscal year beginning July 1, 1987, and ending June 30, 1988, the  
66 State Tax Commission may consider gallons of gasoline and diesel  
67 fuel sold for a period of less than one (1) fiscal year. For the  
68 purposes of this subsection, the term "fiscal year" means the  
69 fiscal year beginning July 1 of a year.

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

82 (4) On or before August 15, 1994, and on or before the  
83 fifteenth day of each succeeding month through July 15, 1999, from  
84 the proceeds of gasoline, diesel fuel or kerosene taxes as  
85 provided in Section 27-5-101(a)(ii)1, Four Million Dollars  
86 (\$4,000,000.00) shall be deposited in the State Treasury to the  
87 credit of a special fund designated as the "State Aid Road Fund,"  
88 created by Section 65-9-17. On or before August 15, 1999, and on  
89 or before the fifteenth day of each succeeding month, from the  
90 total amount of the proceeds of gasoline, diesel fuel or kerosene  
91 taxes apportioned by Section 27-5-101(a)(ii)1, Four Million  
92 Dollars (\$4,000,000.00) or an amount equal to twenty-three and  
93 one-fourth percent (23.25%) of such funds, whichever is the  
94 greater amount, shall be deposited in the State Treasury to the

95 credit of the "State Aid Road Fund," created by Section 65-9-17.  
96 Such funds shall be pledged to pay the principal of and interest  
97 on state aid road bonds heretofore issued under Sections 19-9-51  
98 through 19-9-77, in lieu of and in substitution for the funds  
99 heretofore allocated to counties under this section. Such funds  
100 may not be pledged for the payment of any state aid road bonds  
101 issued after April 1, 1981; however, this prohibition against the  
102 pledging of any such funds for the payment of bonds shall not  
103 apply to any bonds for which intent to issue such bonds has been  
104 published, for the first time, as provided by law prior to March  
105 29, 1981. From the amount of taxes paid into the special fund  
106 pursuant to this subsection and subsection (9) of this section,  
107 there shall be first deducted and paid the amount necessary to pay  
108 the expenses of the Office of State Aid Road Construction, as  
109 authorized by the Legislature for all other general and special  
110 fund agencies. The remainder of the fund shall be allocated  
111 monthly to the several counties in accordance with the following  
112 formula:

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

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

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

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

126 The amount of funds allocated to any county under this  
127 subsection for any fiscal year after fiscal year 1994 shall not be

128 less than the amount allocated to such county for fiscal year  
129 1994. Monies allocated to a county from the State Aid Road Fund  
130 for fiscal year 1995 or any fiscal year thereafter that exceed the  
131 amount of funds allocated to that county from the State Aid Road  
132 Fund for fiscal year 1994, first must be expended by the county  
133 for replacement or rehabilitation of bridges on the state aid road  
134 system that have a sufficiency rating of less than twenty-five  
135 (25), according to National Bridge Inspection standards before  
136 such monies may be approved for expenditure by the State Aid Road  
137 Engineer on other projects that qualify for the use of state aid  
138 road funds.

139 Any reference in the general laws of this state or the  
140 Mississippi Code of 1972 to Section 27-5-105 shall mean and be  
141 construed to refer and apply to subsection (4) of Section  
142 27-65-75.

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

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

154 (7) On or before August 15, 1992, and each succeeding month  
155 thereafter through July 15, 2000, two and two hundred sixty-six  
156 one-thousandths percent (2.266%) of the total sales tax revenue  
157 collected during the preceding month under the provisions of this  
158 chapter, except that collected under the provisions of Section  
159 27-65-17(2) shall be deposited by the commission into the School  
160 Ad Valorem Tax Reduction Fund created pursuant to Section

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

176 (8) On or before August 15, 1992, and each succeeding month  
177 thereafter, nine and seventy-three one-thousandths percent  
178 (9.073%) of the total sales tax revenue collected during the  
179 preceding month under the provisions of this chapter, except that  
180 collected under the provisions of Section 27-65-17(2) shall be  
181 deposited into the Education Enhancement Fund created pursuant to  
182 Section 37-61-33.

183 (9) On or before August 15, 1994, and each succeeding month  
184 thereafter, from the revenue collected under this chapter during  
185 the preceding month, Two Hundred Fifty Thousand Dollars  
186 (\$250,000.00) shall be paid into the State Aid Road Fund.

187 (10) On or before August 15, 1994, and each succeeding month  
188 thereafter through August 15, 1995, from the revenue collected  
189 under this chapter during the preceding month, Two Million Dollars  
190 (\$2,000,000.00) shall be deposited into the Motor Vehicle Ad  
191 Valorem Tax Reduction Fund established in Section 27-51-105.

192 (11) Notwithstanding any other provision of this section to  
193 the contrary, on or before February 15, 1995, and each succeeding

194 month thereafter, the sales tax revenue collected during the  
195 preceding month under the provisions of Section 27-65-17(2) and  
196 the corresponding levy in Section 27-65-23 on the rental or lease  
197 of private carriers of passengers and light carriers of property  
198 as defined in Section 27-51-101 shall be deposited, without  
199 diversion, into the Motor Vehicle Ad Valorem Tax Reduction Fund  
200 established in Section 27-51-105.

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

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

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

225 (15) Notwithstanding any other provision of this section to  
226 the contrary, on or before September 15, 2000, and each succeeding

227 month thereafter, the sales tax revenue collected during the  
228 preceding month under the provisions of Section 27-65-19(1)(f) and  
229 (g)(i)2, shall be deposited, without diversion, into the  
230 Telecommunications Ad Valorem Tax Reduction Fund established in  
231 Section 27-38-7.

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

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

246 (18) On or before August 15, 2004, and each succeeding month  
247 thereafter through July 15, 2005, from the sales tax revenue  
248 collected during the preceding month under the provisions of this  
249 chapter, Two Million Five Hundred Thousand Dollars (\$2,500,000.00)  
250 shall be deposited into the Special Funds Transfer Fund created in  
251 Chapter 556, Laws of 2003.

252 (19) On or before August 1, 2004, and each succeeding month  
253 thereafter, from the sales tax revenue collected during the  
254 preceding month under the provisions of this chapter, an amount  
255 necessary to provide funds for making reimbursement of tax loss  
256 payments under Sections 27-33-77 and 27-33-79 for the preceding  
257 month shall be deposited into the special fund created in Section  
258 2 of House Bill No. , 2004 Regular Session.



259        (20) The remainder of the amounts collected under the  
260 provisions of this chapter shall be paid into the State Treasury  
261 to the credit of the General Fund.

262        (21) It shall be the duty of the municipal officials of any  
263 municipality which expands its limits, or of any community which  
264 incorporates as a municipality, to notify the commissioner of such  
265 action thirty (30) days before the effective date. Failure to so  
266 notify the commissioner shall cause such municipality to forfeit  
267 the revenue which it would have been entitled to receive during  
268 this period of time when the commissioner had no knowledge of the  
269 action. If any funds have been erroneously disbursed to any  
270 municipality or any overpayment of tax is recovered by the  
271 taxpayer, the commissioner may make correction and adjust the  
272 error or overpayment with such municipality by withholding the  
273 necessary funds from any subsequent payment to be made to the  
274 municipality.

275        **SECTION 2.** There is created in the State Treasury a special  
276 fund to be known as the Homestead Exemption Tax Loss Reimbursement  
277 Fund. The fund shall consist of such monies deposited therein as  
278 provided under Section 27-65-75(19) and any other funds that may  
279 be made available for the fund by the Legislature. The monies in  
280 the fund shall be used for the purpose of making homestead  
281 exemption tax loss reimbursement payments under Sections 27-33-77  
282 and 27-33-79. The special fund shall be administered by the State  
283 Tax Commission, and monies in the fund shall be expended for the  
284 purposes described in this section. Unexpended amounts remaining  
285 in the fund at the end of a fiscal year shall not lapse into the  
286 State General Fund, and any interest earned or investment earnings  
287 on amounts in the fund shall be deposited to the credit of the  
288 fund.

289        **SECTION 3.** This act shall take effect and be in force from  
290 and after July 1, 2004.