

By: Representative Shows (By Request)

To: Ways and Means

HOUSE BILL NO. 1502

1 AN ACT TO AMEND SECTIONS 27-25-505 AND 27-25-705, MISSISSIPPI
2 CODE OF 1972, TO PROVIDE THAT WHEN THERE ARE ANY OIL PRODUCING
3 PROPERTIES LOCATED ENTIRELY WITHIN THE CORPORATE LIMITS OF ANY
4 MUNICIPALITY, THEN THAT MUNICIPALITY SHALL RECEIVE THE TOTAL
5 AMOUNT OF THE TAX THAT THE COUNTY IS ENTITLED TO RECEIVE; TO
6 PROVIDE THAT WHEN THERE ARE ANY OIL PRODUCING PROPERTIES LOCATED
7 ENTIRELY OUTSIDE THE CORPORATE LIMITS OF ANY MUNICIPALITY, THEN
8 THE COUNTY SHALL RECEIVE THE TOTAL AMOUNT OF THE TAX THAT THE
9 COUNTY IS ENTITLED TO RECEIVE; TO PROVIDE THAT WHEN THERE IS AN
10 OIL PRODUCING PROPERTY LOCATED PARTIALLY IN A MUNICIPALITY, THEN
11 THAT MUNICIPALITY SHALL PARTICIPATE IN THE DIVISION OF THE TAX
12 RETURNED TO THE COUNTY IN WHICH THE MUNICIPALITY IS LOCATED; AND
13 FOR RELATED PURPOSES.

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

15 **SECTION 1.** Section 27-25-505, Mississippi Code of 1972, is
16 amended as follows:

17 **[With regard to any county which is exempt from the**
18 **provisions of Section 19-2-3, this section shall read as follows:]**

19 27-25-505. All taxes herein levied and collected by the
20 State Tax Commission shall be paid into the State Treasury on the
21 same day collected. The commissioner shall apportion all such tax
22 collections to the state and to the county in which the oil was
23 produced, in accordance with the following schedule and so certify
24 such apportionment to the State Treasurer at the end of each
25 month:

26 On the first Six Hundred Thousand Dollars (\$600,000.00) or
27 any part thereof, sixty-six and two-thirds percent (66-2/3%) to
28 the state and thirty-three and one-third percent (33-1/3%) to the
29 county.

30 On the next Six Hundred Thousand Dollars (\$600,000.00) or any
31 part thereof, ninety percent (90%) to the state and ten percent
32 (10%) to the county through June 30, 1989; eighty-five percent

33 (85%) to the state and fifteen percent (15%) to the county from
34 July 1, 1989, through June 30, 1990; and eighty percent (80%) to
35 the state and twenty percent (20%) to the county for each fiscal
36 year thereafter.

37 Above and exceeding One Million Two Hundred Thousand Dollars
38 (\$1,200,000.00), ninety-five percent (95%) to the state and five
39 percent (5%) to the county through June 30, 1989; ninety percent
40 (90%) to the state and ten percent (10%) to the county from July
41 1, 1989, through June 30, 1990; and eighty-five percent (85%) to
42 the state and fifteen percent (15%) to the county for each fiscal
43 year thereafter.

44 The state's share of all oil severance taxes collected
45 pursuant to this section shall be deposited as provided for in
46 Section 27-25-506.

47 The State Treasurer shall remit the county's share of said
48 funds on or before the twentieth day of the month next succeeding
49 the month in which such collections were made, for division among
50 the municipalities and taxing districts of the county. He shall
51 accompany his remittance with a report to the county receiving
52 such funds prepared by the commissioner showing from whom said tax
53 was collected. Upon receipt of said funds, the board of
54 supervisors of said county shall allocate the same to the
55 municipalities and to the various maintenance and bond and
56 interest funds of the county, school districts, supervisors
57 districts and road districts, as hereinafter provided.

58 When there are any oil producing properties located entirely
59 within the corporate limits of any municipality, then that
60 municipality shall receive the total amount of the tax that the
61 county is entitled to receive. When there are any oil producing
62 properties located entirely outside the corporate limits of any
63 municipality, then the county shall receive the total amount of
64 the tax that the county is entitled to receive. However, when
65 there is an oil producing property located partially in a

66 municipality, then that municipality shall participate in the
67 division of the tax returned to the county in which the
68 municipality is located, in the proportion which the tax on
69 production of oil from any properties located within the municipal
70 corporate limits bears to the tax on the total production of oil
71 in the county. In no event, however, shall the amount allocated
72 to municipalities exceed one-third (1/3) of the tax produced in
73 the municipality and returned to the county. Any amount received
74 by any municipality as a result of the allocation herein provided
75 shall be used only for such purposes as are authorized by law.

76 The balance remaining of any amount of tax returned to the
77 county after the allocation to municipalities shall be divided
78 among the various maintenance and bond interest funds of the
79 county, school districts, supervisors districts and road
80 districts, in the discretion of the board of supervisors, and such
81 board shall make the division in consideration of the needs of the
82 various taxing districts. The funds so allocated shall be used
83 only for purposes as are authorized by law.

84 **[With regard to any county which is required to operate on a**
85 **countywide system of road administration as described in Section**
86 **19-2-3, this section shall read as follows:]**

87 27-25-505. All taxes herein levied and collected by the
88 State Tax Commission shall be paid into the State Treasury on the
89 same day collected. The commissioner shall apportion all such tax
90 collections to the state and to the county in which the oil was
91 produced, in accordance with the following schedule and so certify
92 such apportionment to the State Treasurer at the end of each
93 month:

94 On the first Six Hundred Thousand Dollars (\$600,000.00) or
95 any part thereof, sixty-six and two-thirds percent (66-2/3%) to
96 the state and thirty-three and one-third percent (33-1/3%) to the
97 county.

98 On the next Six Hundred Thousand Dollars (\$600,000.00) or any
99 part thereof, ninety percent (90%) to the state and ten percent
100 (10%) to the county through June 30, 1989; eighty-five percent
101 (85%) to the state and fifteen percent (15%) to the county from
102 July 1, 1989, through June 30, 1990; and eighty percent (80%) to
103 the state and twenty percent (20%) to the county for each fiscal
104 year thereafter.

105 Above and exceeding One Million Two Hundred Thousand Dollars
106 (\$1,200,000.00), ninety-five percent (95%) to the state and five
107 percent (5%) to the county through June 30, 1989; ninety percent
108 (90%) to the state and ten percent (10%) to the county from July
109 1, 1989, through June 30, 1990; and eighty-five percent (85%) to
110 the state and fifteen percent (15%) to the county for each fiscal
111 year thereafter.

112 The state's share of all oil severance taxes collected
113 pursuant to this section shall be deposited as provided for in
114 Section 27-25-506.

115 The State Treasurer shall remit the county's share of said
116 funds on or before the twentieth day of the month next succeeding
117 the month in which such collections were made, for division among
118 the municipalities and taxing districts of the county. He shall
119 accompany his remittance with a report to the county receiving
120 such funds prepared by the commissioner showing from whom said tax
121 was collected. Upon receipt of said funds, the board of
122 supervisors of said county shall allocate the same to the
123 municipalities and to the various maintenance and bond and
124 interest funds of the county and school districts, as hereinafter
125 provided.

126 When there are any oil producing properties located entirely
127 within the corporate limits of any municipality, then that
128 municipality shall receive the total amount of the tax that the
129 county is entitled to receive. When there are any oil producing
130 properties located entirely outside the corporate limits of any

131 municipality, then the county shall receive the total amount of
132 the tax that the county is entitled to receive. However, when
133 there is an oil producing property located partially in a
134 municipality, then that municipality shall participate in the
135 division of the tax returned to the county in which the
136 municipality is located, in the proportion which the tax on
137 production of oil from any properties located within the municipal
138 corporate limits bears to the tax on the total production of oil
139 in the county. In no event, however, shall the amount allocated
140 to municipalities exceed one-third (1/3) of the tax produced in
141 the municipality and returned to the county. Any amount received
142 by any municipality as a result of the allocation herein provided
143 shall be used only for such purposes as are authorized by law.

144 The balance remaining of any amount of tax returned to the
145 county after the allocation to municipalities shall be divided
146 among the various maintenance and bond interest funds of the
147 county and school districts, in the discretion of the board of
148 supervisors, and such board shall make the division in
149 consideration of the needs of the various taxing districts. The
150 funds so allocated shall be used only for purposes as are
151 authorized by law.

152 **SECTION 2.** Section 27-25-705, Mississippi Code of 1972, is
153 amended as follows:

154 **[With regard to any county which is exempt from the**
155 **provisions of Section 19-2-3, this section shall read as follows:]**

156 27-25-705. All taxes herein levied and collected by the
157 State Tax Commission shall be paid into the State Treasury on the
158 same day in which such taxes are collected. The commissioner
159 shall apportion all such tax collections to the state and to the
160 county in which the gas was produced, in the proportion of
161 sixty-six and two-thirds percent (66-2/3%) to the state and
162 thirty-three and one-third percent (33-1/3%) to the county.
163 Provided, however, when the producer of gas subject to the tax

164 levied in this article increases the price of the gas sold and
165 such increase is subject to approval by a federal regulatory board
166 or commission, and when the producer of the gas so requests, the
167 State Treasurer is hereby authorized to hold the severance tax
168 collected on said price increase in escrow until such time as the
169 price increase or a portion thereof is finally granted or
170 approved. The severance tax thus held in escrow shall be
171 deposited by the State Treasurer to an account in a state
172 depository to be invested in an interest-bearing account in the
173 manner provided by law. When the price increase in question or a
174 portion thereof is granted or approved, the commissioner shall
175 compute the correct severance tax due on such increase and certify
176 the amount of tax thus computed. This amount and interest earned
177 from the depository shall be distributed to the General Fund and
178 to the county or counties proportionately as herein provided. The
179 balance, if any, of the tax and interest held in escrow on the
180 price increase shall be returned to the taxpayer.

181 The state's share of all gas severance taxes collected
182 pursuant to this section shall be deposited as provided for in
183 Section 27-25-506.

184 The commissioner shall certify at the end of each month the
185 apportionment to each county to the State Treasurer, who shall
186 remit the county's share of said funds on or before the twentieth
187 day of the month next succeeding the month in which such
188 collections were made for division among the municipalities and
189 taxing districts of the county. The commissioner shall submit a
190 report to the State Treasurer for distribution to each county
191 receiving such funds showing from whom said tax and interest, if
192 any, were collected. Upon receipt of said funds, the board of
193 supervisors of the county shall allocate the same to the
194 municipalities and to the various maintenance and bond and
195 interest funds of the county, school districts, supervisors
196 districts and road districts, as hereinafter provided.

197 When there are any gas producing properties located entirely
198 within the corporate limits of any municipality, then that
199 municipality shall receive the total amount of the tax that the
200 county is entitled to receive. When there are any oil producing
201 properties located entirely outside the corporate limits of any
202 municipality, then the county shall receive the total amount of
203 the tax that the county is entitled to receive. However, when
204 there is an oil producing property located partially in a
205 municipality, then that municipality shall participate in the
206 division of the tax and interest, if any, returned to the county
207 in which the municipality is located in the proportion which the
208 tax on production of gas from properties located within the
209 municipal corporate limits bears to the tax on total production of
210 gas in the county. In no event, however, shall the amount
211 allocated to the municipalities exceed one-third (1/3) of the tax
212 and interest produced in the municipality and returned to the
213 county. Any amount received by any municipality as a result of
214 the allocation herein provided shall be used for such purposes as
215 are authorized by law.

216 The balance remaining of any funds returned to the county
217 after the allocation to municipalities shall be divided among the
218 various maintenance and bond and interest funds of the county,
219 school districts, supervisors districts and road districts, in the
220 discretion of the board of supervisors, and such board shall make
221 the division in consideration of the needs of the various taxing
222 districts. The funds so allocated shall be used only for such
223 purposes as are authorized by law.

224 **[With regard to any county which is required to operate on a**
225 **countywide system of road administration as described in Section**
226 **19-2-3, this section shall read as follows:]**

227 27-25-705. All taxes herein levied and collected by the
228 State Tax Commission shall be paid into the State Treasury on the
229 same day in which such taxes are collected. The commissioner

230 shall apportion all such tax collections to the state and to the
231 county in which the gas was produced, in the proportion of
232 sixty-six and two-thirds percent (66-2/3%) to the state and
233 thirty-three and one-third percent (33-1/3%) to the county.
234 Provided, however, when the producer of gas subject to the tax
235 levied in this article increases the price of the gas sold and
236 such increase is subject to approval by a federal regulatory board
237 or commission, and when the producer of the gas so requests, the
238 State Treasurer is hereby authorized to hold the severance tax
239 collected on said price increase in escrow until such time as the
240 price increase or a portion thereof is finally granted or
241 approved. The severance tax thus held in escrow shall be
242 deposited by the State Treasurer to an account in a state
243 depository to be invested in an interest-bearing account in the
244 manner provided by law. When the price increase in question or a
245 portion thereof is granted or approved, the commissioner shall
246 compute the correct severance tax due on such increase and certify
247 the amount of tax thus computed. This amount and interest earned
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249 to the county or counties proportionately as herein provided. The
250 balance, if any, of the tax and interest held in escrow on the
251 price increase shall be returned to the taxpayer.

252 The state's share of all gas severance taxes collected
253 pursuant to this section shall be deposited as provided for in
254 Section 27-25-506.

255 The commissioner shall certify at the end of each month the
256 apportionment to each county to the State Treasurer, who shall
257 remit the county's share of said funds on or before the twentieth
258 day of the month next succeeding the month in which such
259 collections were made for division among the municipalities and
260 taxing districts of the county. The commissioner shall submit a
261 report to the State Treasurer for distribution to each county
262 receiving such funds showing from whom said tax and interest, if

263 any, were collected. Upon receipt of said funds, the board of
264 supervisors of the county shall allocate the same to the
265 municipalities and to the various maintenance and bond and
266 interest funds of the county and school districts, as hereinafter
267 provided.

268 When there are any gas producing properties located entirely
269 within the corporate limits of any municipality, then that
270 municipality shall receive the total amount of the tax that the
271 county is entitled to receive. When there are any oil producing
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273 municipality, then the county shall receive the total amount of
274 the tax that the county is entitled to receive. However, when
275 there is an oil producing property located partially in a
276 municipality, then that municipality shall participate in the
277 division of the tax and interest, if any, returned to the county
278 in which the municipality is located in the proportion which the
279 tax on production of gas from properties located within the
280 municipal corporate limits bears to the tax on total production of
281 gas in the county. In no event, however, shall the amount
282 allocated to the municipalities exceed one-third (1/3) of the tax
283 and interest produced in the municipality and returned to the
284 county. Any amount received by any municipality as a result of
285 the allocation herein provided shall be used for such purposes as
286 are authorized by law.

287 The balance remaining of any funds returned to the county
288 after the allocation to municipalities shall be divided among the
289 various maintenance and bond and interest funds of the county and
290 school districts, in the discretion of the board of supervisors,
291 and such board shall make the division in consideration of the
292 needs of the various taxing districts. The funds so allocated
293 shall be used only for such purposes as are authorized by law.

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