

By: Senator(s) Burton, Butler, Morgan

To: Finance

## SENATE BILL NO. 2698

1 AN ACT TO AUTHORIZE THE GOVERNING AUTHORITIES OF ANY  
2 MUNICIPALITY TO IMPOSE A SPECIAL SALES TAX OF NOT MORE THAN 3/4 OF  
3 1% ON THE GROSS PROCEEDS OF ALL SALES OR THE GROSS INCOME OF  
4 BUSINESSES IN THE MUNICIPALITY DERIVED FROM ACTIVITIES TAXED AT  
5 THE RATE OF 7% OR MORE UNDER THE MISSISSIPPI SALES TAX LAW; TO  
6 PROVIDE THAT THE SPECIAL SALES TAX SHALL NOT BE LEVIED UNLESS  
7 AUTHORIZED BY AT LEAST 3/5 OF THE VOTES CAST AT AN ELECTION CALLED  
8 AND HELD FOR SUCH PURPOSE, WHICH ELECTION SHALL BE HELD ON A  
9 REGULAR SPECIAL ELECTION DAY; TO AUTHORIZE A MUNICIPALITY TO INCUR  
10 INDEBTEDNESS IN AN AMOUNT NOT GREATER THAN AN AMOUNT FOR WHICH  
11 DEBT SERVICE IS CAPABLE OF BEING FUNDED BY THE PROCEEDS OF THE  
12 SPECIAL SALES TAX; TO PROVIDE THAT THE SPECIAL SALES TAX REVENUE  
13 COLLECTED PURSUANT TO SUCH A TAX SHALL BE USED AND EXPENDED BY THE  
14 MUNICIPALITY ONLY TO FUND CERTAIN TRANSPORTATION INFRASTRUCTURE  
15 PROJECTS AND/OR OTHER CAPITAL PROJECTS; TO PROVIDE FOR THE  
16 DISCONTINUANCE OF THE SPECIAL SALES TAX UPON COMPLETION OF THE  
17 FUNDING OF THE PROJECTS FOR WHICH THE TAX WAS LEVIED; TO AUTHORIZE  
18 THE BOARD OF SUPERVISORS OF ANY COUNTY TO IMPOSE A SPECIAL SALES  
19 TAX OF NOT MORE THAN 3/4 OF 1% ON THE GROSS PROCEEDS OF ALL SALES  
20 OR THE GROSS INCOME OF BUSINESSES IN THE COUNTY OUTSIDE THE  
21 CORPORATE BOUNDARIES OF ANY MUNICIPALITY WITHIN SUCH COUNTY  
22 DERIVED FROM ACTIVITIES TAXED AT THE RATE OF 7% OR MORE UNDER THE  
23 MISSISSIPPI SALES TAX LAW; TO PROVIDE THAT THE SPECIAL SALES TAX  
24 SHALL NOT BE LEVIED UNLESS AUTHORIZED BY AT LEAST 3/5 OF THE VOTES  
25 CAST AT AN ELECTION CALLED AND HELD FOR SUCH PURPOSE, WHICH  
26 ELECTION SHALL BE HELD ON A REGULAR SPECIAL ELECTION DAY; TO  
27 AUTHORIZE A COUNTY TO INCUR INDEBTEDNESS IN AN AMOUNT NOT GREATER  
28 THAN AN AMOUNT FOR WHICH DEBT SERVICE IS CAPABLE OF BEING FUNDED  
29 BY THE PROCEEDS OF THE SPECIAL SALES TAX; TO PROVIDE THAT THE  
30 SPECIAL SALES TAX REVENUE COLLECTED PURSUANT TO SUCH A TAX SHALL  
31 BE USED AND EXPENDED BY THE COUNTY ONLY TO FUND CERTAIN  
32 TRANSPORTATION INFRASTRUCTURE PROJECTS AND/OR OTHER CAPITAL  
33 PROJECTS; TO PROVIDE FOR THE DISCONTINUANCE OF THE SPECIAL SALES  
34 TAX UPON COMPLETION OF THE FUNDING OF THE PROJECTS FOR WHICH THE  
35 TAX WAS LEVIED; TO AUTHORIZE THE BOARD OF SUPERVISORS OF ANY  
36 COUNTY TO IMPOSE A SPECIAL SALES TAX OF NOT MORE THAN 1/4 OF 1% ON  
37 THE GROSS PROCEEDS OF ALL SALES OR THE GROSS INCOME OF BUSINESSES  
38 IN THE COUNTY INCLUDING THE CORPORATE BOUNDARIES OF ANY  
39 MUNICIPALITY WITHIN SUCH COUNTY DERIVED FROM ACTIVITIES TAXED AT  
40 THE RATE OF 7% OR MORE UNDER THE MISSISSIPPI SALES TAX LAW; TO  
41 PROVIDE THAT THE SPECIAL SALES TAX SHALL NOT BE LEVIED UNLESS  
42 AUTHORIZED BY AT LEAST 3/5 OF THE VOTES CAST AT AN ELECTION CALLED  
43 AND HELD FOR SUCH PURPOSE, WHICH ELECTION SHALL BE HELD ON A  
44 REGULAR SPECIAL ELECTION DAY; TO AUTHORIZE A COUNTY TO INCUR  
45 INDEBTEDNESS IN AN AMOUNT NOT GREATER THAN AN AMOUNT FOR WHICH  
46 DEBT SERVICE IS CAPABLE OF BEING FUNDED BY THE PROCEEDS OF THE  
47 SPECIAL SALES TAX; TO PROVIDE THAT THE SPECIAL SALES TAX REVENUE  
48 COLLECTED PURSUANT TO SUCH A TAX SHALL BE USED AND EXPENDED BY THE  
49 COUNTY ONLY TO FUND CERTAIN TRANSPORTATION INFRASTRUCTURE PROJECTS  
50 AND/OR OTHER CAPITAL PROJECTS; TO PROVIDE FOR THE DISCONTINUANCE  
51 OF THE SPECIAL SALES TAX UPON COMPLETION OF THE FUNDING OF THE  
52 PROJECTS FOR WHICH THE TAX WAS LEVIED; TO AMEND SECTIONS 21-33-303

53 AND 19-9-5, MISSISSIPPI CODE OF 1972, IN CONFORMITY THERETO; AND  
54 FOR RELATED PURPOSES.

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

56 **SECTION 1.** (1) Subject to the provisions of this section,  
57 the governing authorities of any municipality may impose upon all  
58 persons as a privilege for engaging or continuing in business or  
59 doing business within such municipality, a special sales tax at  
60 the rate of not more than three-fourths of one percent (0.75%) of  
61 the gross proceeds of sales or gross income of the business, as  
62 the case may be, derived from any of the activities taxed at the  
63 rate of seven percent (7%) or more under the Mississippi Sales Tax  
64 Law, Section 27-65-1 et seq., as provided hereinafter. The tax  
65 levied under this section shall apply to every person making  
66 sales, delivery or installations of tangible personal property or  
67 services within any municipality which has adopted the levy  
68 authorized in this section but shall not apply to sales exempted  
69 by Sections 27-65-19, 27-65-101, 27-65-103, 27-65-105, 27-65-107,  
70 27-65-109 and 27-65-111 of the Mississippi Sales Tax Law.

71 (2) (a) The governing authorities of the municipality shall  
72 specify in the resolution ordering the election required by  
73 paragraph (b) of this subsection (2), the specific transportation  
74 infrastructure projects or other capital projects (which also may  
75 include capital projects for which the municipality already has  
76 outstanding indebtedness), or both, for which the revenue  
77 collected pursuant to the tax levy may be used and expended.

78 (b) The tax levy authorized in this section shall not  
79 be made unless authorized by at least three-fifths (3/5) of the  
80 votes cast at an election to be called and held for that purpose,  
81 which election shall be held on a regular special election day.  
82 Notice of such election shall be given, the election shall be held  
83 and the result thereof determined, as far as is practicable, in  
84 the same manner as other elections are held in the municipality.  
85 At such election, all qualified electors of the municipality may  
86 vote. The ballots used at such election shall have printed

87 thereon a brief description of the sales tax, the amount of the  
88 sales tax levy, a description of the specific transportation  
89 infrastructure projects or other capital projects, or both, for  
90 which the tax revenue may be used and expended and the words "FOR  
91 THE LOCAL SALES TAX" and "AGAINST THE LOCAL SALES TAX" and the  
92 voter shall vote by placing a cross (X) or check mark (√) opposite  
93 his choice on the proposition. When the results of the election  
94 have been canvassed by the election commissioners of the  
95 municipality and certified by them to the governing authorities,  
96 it shall be the duty of such governing authorities to determine  
97 and adjudicate whether at least three-fifths (3/5) of the  
98 qualified electors who voted in such election voted in favor of  
99 the tax. If the election results in favor of the levy, the  
100 governing authorities shall adopt a resolution declaring the levy  
101 and collection of the tax provided in subsections (1) through (3)  
102 of this section and shall set the first day of the second month  
103 following the date of such adoption as the effective date of the  
104 tax levy. A certified copy of this resolution together with the  
105 result of the election shall be furnished to the State Tax  
106 Commission not less than thirty (30) days before the effective  
107 date of the levy.

108 (3) (a) The special sales tax authorized by subsections (1)  
109 through (3) of this section shall be collected by the State Tax  
110 Commission, shall be accounted for separately from the amount of  
111 sales tax collected for the state in the municipality and shall be  
112 paid to the municipality in which collected. The State Tax  
113 Commission may retain three percent (3%) of the proceeds of such  
114 tax for the purpose of defraying the costs incurred by the  
115 commission in the collection of the tax. Payments to the  
116 municipalities shall be made by the State Tax Commission on or  
117 before the fifteenth day of the month following the month in which  
118 the tax was collected.

119           (b) The proceeds of the special sales tax shall be  
120 placed into a separate fund apart from the municipal general fund  
121 and any other funds of the municipality, and shall be expended by  
122 the municipality solely for the purpose of paying any indebtedness  
123 or other obligation incurred or that may be incurred by the  
124 municipality for the transportation infrastructure projects or  
125 other capital projects, or both, specified in the resolution  
126 ordering the election.

127           (c) All provisions of the Mississippi Sales Tax Law  
128 applicable to filing of returns, discounts to the taxpayer,  
129 remittances to the State Tax Commission, enforced collection,  
130 rights of taxpayers, recovery of improper taxes, refunds of  
131 overpaid taxes or other provisions of law providing for imposition  
132 and collection of the state sales tax shall apply to the special  
133 sales tax authorized by subsections (1) through (3) of this  
134 section, except where there is a conflict, in which case the  
135 provisions of subsections (1) through (3) of this section shall  
136 control. Any damages, penalties or interest collected for the  
137 nonpayment of taxes imposed under subsections (1) through (3) of  
138 this section, or for noncompliance with the provisions of  
139 subsections (1) through (3) of this section, shall be paid to the  
140 municipality in which such damages, penalties or interest were  
141 collected on the same basis and in the same manner as the tax  
142 proceeds. Any overpayment of tax for any reason that has been  
143 disbursed to any municipality or any payment of the tax to any  
144 municipality in error may be adjusted by the State Tax Commission  
145 on any subsequent payment to the municipality involved pursuant to  
146 the provisions of the Mississippi Sales Tax Law. The State Tax  
147 Commission may, from time to time, make such rules and regulations  
148 not inconsistent with subsections (1) through (3) of this section  
149 as may be deemed necessary to carry out the provisions of  
150 subsections (1) through (3) of this section, and such rules and  
151 regulations shall have the full force and effect of law.

152           (d) The special sales tax shall be discontinued by the  
153 governing authorities of the municipality on the first day of the  
154 month immediately succeeding the date any indebtedness, including  
155 interest, incurred by the municipality for the transportation  
156 infrastructure projects or other capital projects, or both, is  
157 retired, or in the event the municipality incurs no indebtedness,  
158 the first day of the month after all obligations for the  
159 transportation infrastructure projects or other capital projects,  
160 or both, have been paid. Any amount remaining in the separate  
161 fund containing the proceeds of the special sales tax not  
162 necessary to retire the debt or pay any other obligations shall be  
163 transferred to the municipal general fund.

164           (e) The governing authorities of a municipality may not  
165 impose a special sales tax under this section on sales that are  
166 subject to any tax levied and collected (before the date a  
167 resolution is adopted under subsection (2)(b) of this section)  
168 under the authority of a local and private law of the State of  
169 Mississippi, and which tax is collected and paid to the State Tax  
170 Commission in the same or similar manner that state sales taxes  
171 are collected and paid.

172           (f) If a municipality imposing a special sales tax  
173 under this section expands its corporate boundaries, the governing  
174 authorities of the municipality may not impose the special sales  
175 tax in the annexed area unless the tax is approved at an election  
176 conducted, as far as is practicable, in the manner provided in  
177 subsection (2) of this section, except that only qualified  
178 electors in the annexed area may vote in such election. However,  
179 if a municipality imposing a special sales tax under this section  
180 expands its corporate boundaries into a county that is imposing a  
181 special sales tax under Section 2 of this act, the governing  
182 authorities of the municipality may not impose the special sales  
183 tax in the annexed area for as long as such county is imposing a  
184 special sales tax under Section 2 of this act.

185           (g) If a municipality imposing a special sales tax  
186 under this section contracts its corporate boundaries, the special  
187 sales tax shall continue to be imposed in the area that was in the  
188 corporate boundaries of the municipality before the contraction of  
189 such boundaries.

190           (4) The governing authorities of any municipality that  
191 levies a special sales tax pursuant to subsections (1) through (3)  
192 of this section may incur indebtedness of the municipality in an  
193 aggregate principal amount that is not in excess of an amount for  
194 which debt service is capable of being funded by the proceeds of  
195 the special sales tax levied pursuant to subsections (1) through  
196 (3) of this section. The indebtedness authorized by this  
197 subsection (4) shall not be considered when computing any  
198 limitation of indebtedness of the municipality established by law.

199           **SECTION 2.** (1) Subject to the provisions of this section,  
200 the board of supervisors of any county may impose upon all persons  
201 as a privilege for engaging or continuing in business or doing  
202 business within such county but outside the corporate boundaries  
203 of any municipality within such county, a special sales tax at the  
204 rate of not more than three-fourths of one percent (0.75%) of the  
205 gross proceeds of sales or gross income of the business, as the  
206 case may be, derived from any of the activities taxed at the rate  
207 of seven percent (7%) or more under the Mississippi Sales Tax Law,  
208 Section 27-65-1 et seq., as provided hereinafter. The tax levied  
209 under this section shall apply to every person making sales,  
210 delivery or installations of tangible personal property or  
211 services within any county which has adopted the levy authorized  
212 in this section but shall not apply to sales exempted by Sections  
213 27-65-19, 27-65-101, 27-65-103, 27-65-105, 27-65-107, 27-65-109  
214 and 27-65-111 of the Mississippi Sales Tax Law.

215           (2) (a) The board of supervisors of the county shall  
216 specify in the resolution ordering the election required by  
217 paragraph (b) of this subsection (2), the specific transportation

218 infrastructure projects or other capital projects (which also may  
219 include capital projects for which the county already has  
220 outstanding indebtedness), or both, for which the revenue  
221 collected pursuant to the tax levy may be used and expended.

222           (b) The tax levy authorized in this section shall not  
223 be made unless authorized by at least three-fifths (3/5) of the  
224 votes cast at an election to be called and held for that purpose,  
225 which election shall be held on a regular special election day.  
226 Notice of such election shall be given, the election shall be held  
227 and the result thereof determined, as far as is practicable, in  
228 the same manner as other elections are held in the county. At  
229 such election, all qualified electors of the county who reside  
230 outside the corporate boundaries of any municipality within such  
231 county may vote. The ballots used at such election shall have  
232 printed thereon a brief description of the sales tax, the amount  
233 of the sales tax levy, a description of the specific  
234 transportation infrastructure projects or other capital projects,  
235 or both, for which the tax revenue may be used and expended and  
236 the words "FOR THE LOCAL SALES TAX" and "AGAINST THE LOCAL SALES  
237 TAX" and the voter shall vote by placing a cross (X) or check mark  
238 (✓) opposite his choice on the proposition. When the results of  
239 the election have been canvassed by the election commissioners of  
240 the county and certified by them to the board of supervisors, it  
241 shall be the duty of such board of supervisors to determine and  
242 adjudicate whether at least three-fifths (3/5) of the qualified  
243 electors who voted in such election voted in favor of the tax. If  
244 the election results in favor of the levy, the board of  
245 supervisors shall adopt a resolution declaring the levy and  
246 collection of the tax provided in subsections (1) through (3) of  
247 this section and shall set the first day of the second month  
248 following the date of such adoption as the effective date of the  
249 tax levy. A certified copy of this resolution together with the  
250 result of the election shall be furnished to the State Tax

251 Commission not less than thirty (30) days before the effective  
252 date of the levy.

253         (3) (a) The special sales tax authorized by subsections (1)  
254 through (3) of this section shall be collected by the State Tax  
255 Commission, shall be accounted for separately from the amount of  
256 sales tax collected for the state in the county and shall be paid  
257 to the county in which collected. The State Tax Commission may  
258 retain three percent (3%) of the proceeds of such tax for the  
259 purpose of defraying the costs incurred by the commission in the  
260 collection of the tax. Payments to the counties shall be made by  
261 the State Tax Commission on or before the fifteenth day of the  
262 month following the month in which the tax was collected.

263         (b) The proceeds of the special sales tax shall be  
264 placed into a separate fund apart from the county general fund and  
265 any other funds of the county, and shall be expended by the county  
266 solely for the purpose of paying any indebtedness or other  
267 obligation incurred or that may be incurred by the county for the  
268 transportation infrastructure projects or other capital projects,  
269 or both, specified in the resolution ordering the election.

270         (c) All provisions of the Mississippi Sales Tax Law  
271 applicable to filing of returns, discounts to the taxpayer,  
272 remittances to the State Tax Commission, enforced collection,  
273 rights of taxpayers, recovery of improper taxes, refunds of  
274 overpaid taxes or other provisions of law providing for imposition  
275 and collection of the state sales tax shall apply to the special  
276 sales tax authorized by subsections (1) through (3) of this  
277 section, except where there is a conflict, in which case the  
278 provisions of subsections (1) through (3) of this section shall  
279 control. Any damages, penalties or interest collected for the  
280 nonpayment of taxes imposed under subsections (1) through (3) of  
281 this section, or for noncompliance with the provisions of  
282 subsections (1) through (3) of this section, shall be paid to the  
283 county in which such damages, penalties or interest were collected



284 on the same basis and in the same manner as the tax proceeds. Any  
285 overpayment of tax for any reason that has been disbursed to any  
286 county or any payment of the tax to any county in error may be  
287 adjusted by the State Tax Commission on any subsequent payment to  
288 the county involved pursuant to the provisions of the Mississippi  
289 Sales Tax Law. The State Tax Commission may, from time to time,  
290 make such rules and regulations not inconsistent with subsections  
291 (1) through (3) of this section as may be deemed necessary to  
292 carry out the provisions of subsections (1) through (3) of this  
293 section, and such rules and regulations shall have the full force  
294 and effect of law.

295 (d) The special sales tax shall be discontinued by the  
296 board of supervisors of the county on the first day of the month  
297 immediately succeeding the date any indebtedness, including  
298 interest, incurred by the county for the transportation  
299 infrastructure projects or other capital projects, or both, is  
300 retired, or in the event the county incurs no indebtedness, the  
301 first day of the month after all obligations for the  
302 transportation infrastructure projects or other capital projects,  
303 or both, have been paid. Any amount remaining in the separate  
304 fund containing the proceeds of the special sales tax not  
305 necessary to retire the debt or pay any other obligations shall be  
306 transferred to the county general fund.

307 (e) The board of supervisors of a county may not impose  
308 a special sales tax under this section on sales that are subject  
309 to any tax levied and collected (before the date a resolution is  
310 adopted under subsection (2)(b) of this section) under the  
311 authority of a local and private law of the State of Mississippi,  
312 and which tax is collected and paid to the State Tax Commission in  
313 the same or similar manner that state sales taxes are collected  
314 and paid.

315 (f) If the board of supervisors of a county imposes a  
316 special sales tax under this section and a municipality annexes a

317 part of the county, the special sales tax shall continue to be  
318 imposed in the annexed area until the board of supervisors  
319 discontinues the tax as provided in paragraph (d) of this  
320 subsection (3).

321 (g) If the board of supervisors of a county imposes a  
322 special sales tax under this section, and a municipality within  
323 the county that is not imposing a special sales tax under Section  
324 1 of this act contracts its municipal corporate boundaries, the  
325 board of supervisors of the county may not impose a special sales  
326 tax in the de-annexed area unless the tax is approved at an  
327 election conducted, as far as is practicable, in the manner  
328 provided in subsection (2) of this section, except that only  
329 qualified electors in the de-annexed area may vote in such  
330 election.

331 (4) The board of supervisors of any county that levies a  
332 special sales tax pursuant to subsections (1) through (3) of this  
333 section may incur indebtedness of the county in an aggregate  
334 principal amount that is not in excess of an amount for which debt  
335 service is capable of being funded by the proceeds of the special  
336 sales tax levied pursuant to subsections (1) through (3) of this  
337 section. The indebtedness authorized by this subsection (4) shall  
338 not be considered when computing any limitation of indebtedness of  
339 the county established by law.

340 **SECTION 3.** (1) Subject to the provisions of this section,  
341 the board of supervisors of any county that does not contain  
342 within such county a municipality with corporate boundaries also  
343 located in one or more other counties may impose upon all persons  
344 as a privilege for engaging or continuing in business or doing  
345 business within such county (including the corporate boundaries of  
346 any municipality within the county), a special sales tax at the  
347 rate of not more than one-fourth of one percent (0.25%) of the  
348 gross proceeds of sales or gross income of the business, as the  
349 case may be, derived from any of the activities taxed at the rate

350 of seven percent (7%) or more under the Mississippi Sales Tax Law,  
351 Section 27-65-1 et seq., as provided hereinafter. The tax levied  
352 under this section shall apply to every person making sales,  
353 delivery or installations of tangible personal property or  
354 services within any county which has adopted the levy herein  
355 authorized but shall not apply to sales exempted by Sections  
356 27-65-19, 27-65-101, 27-65-103, 27-65-105, 27-65-107, 27-65-109  
357 and 27-65-111 of the Mississippi Sales Tax Law.

358 (2) (a) The board of supervisors of the county shall  
359 specify in the resolution ordering the election required by  
360 paragraph (b) of this subsection (2), the specific transportation  
361 infrastructure projects or other capital projects (which also may  
362 include capital projects for which the county already has  
363 outstanding indebtedness), or both, for which the revenue  
364 collected pursuant to the tax levy may be used and expended.

365 (b) The tax levy authorized in this section shall not  
366 be made unless authorized by at least three-fifths (3/5) of the  
367 votes cast at an election to be called and held for that purpose,  
368 which election shall be held on a regular special election day.  
369 However, if the specific transportation infrastructure projects or  
370 other capital projects, or both, for which the tax levy is  
371 proposed may have a direct impact on the municipal government  
372 physical or fiscal functions, budget or infrastructure of one or  
373 more municipalities within the county, as determined by an impact  
374 study which the board of supervisors shall have prepared, then the  
375 board of supervisors may call an election only after entering into  
376 a joint agreement with the governing authorities of the affected  
377 municipalities consenting to the calling of a countywide election  
378 on the question of the special sales tax levy. Notice of such  
379 election shall be given, the election shall be held and the result  
380 thereof determined, as far as is practicable, in the same manner  
381 as other elections are held in the county. At such election, all  
382 qualified electors of the county may vote. The ballots used at

383 such election shall have printed thereon a brief description of  
384 the sales tax, the amount of the sales tax levy, a description of  
385 the specific transportation infrastructure projects or other  
386 capital projects, or both, for which the tax revenue may be used  
387 and expended and the words "FOR THE LOCAL SALES TAX" and "AGAINST  
388 THE LOCAL SALES TAX" and the voter shall vote by placing a cross  
389 (X) or check mark (✓) opposite his choice on the proposition.  
390 When the results of the election have been canvassed by the  
391 election commissioners of the county and certified by them to the  
392 board of supervisors, it shall be the duty of such board of  
393 supervisors to determine and adjudicate whether at least  
394 three-fifths (3/5) of the qualified electors who voted in such  
395 election voted in favor of the tax. If the election results in  
396 favor of the levy, the board of supervisors shall adopt a  
397 resolution declaring the levy and collection of the tax provided  
398 in subsections (1) through (3) of this section and shall set the  
399 first day of the second month following the date of such adoption  
400 as the effective date of the tax levy. A certified copy of this  
401 resolution together with the result of the election shall be  
402 furnished to the State Tax Commission not less than thirty (30)  
403 days before the effective date of the levy.

404 (3) (a) The special sales tax authorized by subsections (1)  
405 through (3) of this section shall be collected by the State Tax  
406 Commission, shall be accounted for separately from the amount of  
407 sales tax collected for the state in the county and shall be paid  
408 to the county in which collected. The State Tax Commission may  
409 retain three percent (3%) of the proceeds of such tax for the  
410 purpose of defraying the costs incurred by the commission in the  
411 collection of the tax. Payments to the counties shall be made by  
412 the State Tax Commission on or before the fifteenth day of the  
413 month following the month in which the tax was collected.

414 (b) The proceeds of the special sales tax shall be  
415 placed into a separate fund apart from the county general fund and

416 any other funds of the county, and shall be expended by the county  
417 solely for the purpose of paying any indebtedness or other  
418 obligation incurred or that may be incurred by the county for the  
419 transportation infrastructure projects or other capital projects,  
420 or both, specified in the resolution ordering the election.

421 (c) All provisions of the Mississippi Sales Tax Law  
422 applicable to filing of returns, discounts to the taxpayer,  
423 remittances to the State Tax Commission, enforced collection,  
424 rights of taxpayers, recovery of improper taxes, refunds of  
425 overpaid taxes or other provisions of law providing for imposition  
426 and collection of the state sales tax shall apply to the special  
427 sales tax authorized by subsections (1) through (3) of this  
428 section, except where there is a conflict, in which case the  
429 provisions of subsections (1) through (3) of this section shall  
430 control. Any damages, penalties or interest collected for the  
431 nonpayment of taxes imposed under subsections (1) through (3) of  
432 this section, or for noncompliance with the provisions of  
433 subsections (1) through (3) of this section, shall be paid to the  
434 county in which such damages, penalties or interest were collected  
435 on the same basis and in the same manner as the tax proceeds. Any  
436 overpayment of tax for any reason that has been disbursed to any  
437 county or any payment of the tax to any county in error may be  
438 adjusted by the State Tax Commission on any subsequent payment to  
439 the county involved pursuant to the provisions of the Mississippi  
440 Sales Tax Law. The State Tax Commission may, from time to time,  
441 make such rules and regulations not inconsistent with subsections  
442 (1) through (3) of this section as may be deemed necessary to  
443 carry out the provisions of subsections (1) through (3) of this  
444 section, and such rules and regulations shall have the full force  
445 and effect of law.

446 (d) The special sales tax shall be discontinued by the  
447 board of supervisors of the county on the first day of the month  
448 immediately succeeding the date any indebtedness, including

449 interest, incurred by the county for the transportation  
450 infrastructure projects or other capital projects, or both, is  
451 retired, or in the event the county incurs no indebtedness, the  
452 first day of the month after all obligations for the  
453 transportation infrastructure projects or other capital projects,  
454 or both, have been paid. Any amount remaining in the separate  
455 fund containing the proceeds of the special sales tax not  
456 necessary to retire the debt or pay any other obligations shall be  
457 transferred to the county general fund.

458 (e) The board of supervisors of a county may not impose  
459 a special sales tax under this section on sales that are subject  
460 to any tax levied and collected (before the date a resolution is  
461 adopted under subsection (2)(b) of this section) under the  
462 authority of a local and private law of the State of Mississippi,  
463 and which tax is collected and paid to the State Tax Commission in  
464 the same or similar manner that state sales taxes are collected  
465 and paid.

466 (4) The board of supervisors of any county that levies a  
467 special sales tax pursuant to subsections (1) through (3) of this  
468 section may incur indebtedness of the county in an aggregate  
469 principal amount that is not in excess of an amount for which debt  
470 service is capable of being funded by the proceeds of the special  
471 sales tax levied pursuant to subsections (1) through (3) of this  
472 section. The indebtedness authorized by this subsection (4) shall  
473 not be considered when computing any limitation of indebtedness of  
474 the county established by law.

475 **SECTION 4.** (1) Subject to the provisions of this section,  
476 the board of supervisors of any county that contains within such  
477 county any municipality with corporate boundaries also located  
478 within one or more other counties may impose upon all persons as a  
479 privilege for engaging or continuing in business or doing business  
480 within such county (including the corporate boundaries of any  
481 municipality located within the county and such other county or

482 counties and including the corporate boundaries of any  
483 municipality located completely within the county), a special  
484 sales tax at the rate of not more than one-fourth of one percent  
485 (0.25%) of the gross proceeds of sales or gross income of the  
486 business, as the case may be, derived from any of the activities  
487 taxed at the rate of seven percent (7%) or more under the  
488 Mississippi Sales Tax Law, Section 27-65-1 et seq., as provided  
489 hereinafter. The tax levied under this section shall apply to  
490 every person making sales, delivery or installations of tangible  
491 personal property or services but shall not apply to sales  
492 exempted by Sections 27-65-19, 27-65-101, 27-65-103, 27-65-105,  
493 27-65-107, 27-65-109 and 27-65-111 of the Mississippi Sales Tax  
494 Law.

495       (2) (a) The board of supervisors of the county shall  
496 specify in the resolution ordering the election required by  
497 paragraph (b) of this subsection (2), the specific transportation  
498 infrastructure projects or other capital projects (which also may  
499 include capital projects for which the county already has  
500 outstanding indebtedness), or both, for which the revenue  
501 collected pursuant to the tax levy may be used and expended.

502       (b) Subject to the provisions of this paragraph (b),  
503 the tax levy authorized in this section shall not be made unless  
504 authorized at an election to be called and held for that purpose,  
505 which election shall be held on a regular special election day.  
506 Before an election may be called on the question of the special  
507 sales tax levy, a joint agreement must be entered into by the  
508 board of supervisors of the county proposing to levy the special  
509 sales tax ("initiating county"), the governing authorities of each  
510 municipality with corporate boundaries located within the  
511 initiating county and also located within one or more other  
512 counties and in which municipality the board of supervisors of the  
513 initiating county proposes to levy the tax, and the board of  
514 supervisors of all other counties in which the corporate

515 boundaries of any such municipality located within the initiating  
516 county also are located, consenting to the calling of an election  
517 in each of the counties in which the municipal corporate  
518 boundaries of any such municipality are located. However, the  
519 board of supervisors of the initiating county may propose to  
520 exclude one or more municipalities with corporate boundaries  
521 located within the county and also located within one or more  
522 other counties from the special sales tax levy and, in such case,  
523 it shall not be necessary for the other county or counties in  
524 which the corporate boundaries of an excluded municipality are  
525 located to enter into the joint agreement before an election may  
526 be called. The special sales tax may not be levied within the  
527 corporate boundaries of such an excluded municipality regardless  
528 of the results of an election. In addition, if the specific  
529 transportation infrastructure projects or other capital projects,  
530 or both, for which the tax levy is proposed may have a direct  
531 impact on the municipal government physical or fiscal functions,  
532 budget or infrastructure of one or more municipalities within the  
533 county, as determined by an impact study which the board of  
534 supervisors shall have prepared, then the board of supervisors may  
535 call an election only after entering into a joint agreement with  
536 the governing authorities of the affected municipalities  
537 consenting to the calling of a countywide election on the question  
538 of the special sales tax levy. Notice of such election shall be  
539 given, the election shall be held and the result thereof  
540 determined, as far as is practicable, in the same manner as other  
541 elections are held in the counties. At such election, all  
542 qualified electors of each of the counties may vote. The ballots  
543 used at such election shall have printed thereon a brief  
544 description of the sales tax, the amount of the sales tax levy, a  
545 description of the specific transportation infrastructure projects  
546 or other capital projects, or both, for which the tax revenue may  
547 be used and expended and the words "FOR THE LOCAL SALES TAX" and



548 "AGAINST THE LOCAL SALES TAX" and the voter shall vote by placing  
549 a cross (X) or check mark (√) opposite his choice on the  
550 proposition. When the results of the election have been canvassed  
551 by the election commissioners of the respective counties and  
552 certified by them to the respective boards of supervisors, it  
553 shall be the duty of each of such boards of supervisors to  
554 determine and adjudicate whether at least three-fifths (3/5) of  
555 the qualified electors of each of the respective counties who  
556 voted in such election voted in favor of the tax. If the election  
557 results in favor of the levy, the board of supervisors of the  
558 initiating county shall adopt a resolution declaring the levy and  
559 collection of the tax provided in subsections (1) through (3) of  
560 this section and shall set the first day of the second month  
561 following the date of such adoption as the effective date of the  
562 tax levy. A certified copy of each of these resolutions together  
563 with the result of the election shall be furnished to the State  
564 Tax Commission not less than thirty (30) days before the effective  
565 date of the levy.

566 (3) (a) The special sales tax authorized by subsections (1)  
567 through (3) of this section shall be collected by the State Tax  
568 Commission, shall be accounted for separately from the amount of  
569 sales tax collected for the state in the county and shall be paid  
570 to the county in which collected. The State Tax Commission may  
571 retain three percent (3%) of the proceeds of such tax for the  
572 purpose of defraying the costs incurred by the commission in the  
573 collection of the tax. Payments to the counties shall be made by  
574 the State Tax Commission on or before the fifteenth day of the  
575 month following the month in which the tax was collected.

576 (b) The proceeds of the special sales tax shall be  
577 placed into a separate fund apart from the county general fund and  
578 any other funds of the county, and shall be expended by the county  
579 solely for the purpose of paying any indebtedness or other  
580 obligation incurred or that may be incurred by the county for the

581 transportation infrastructure projects or other capital projects,  
582 or both, specified in the resolution ordering the election.

583 (c) All provisions of the Mississippi Sales Tax Law  
584 applicable to filing of returns, discounts to the taxpayer,  
585 remittances to the State Tax Commission, enforced collection,  
586 rights of taxpayers, recovery of improper taxes, refunds of  
587 overpaid taxes or other provisions of law providing for imposition  
588 and collection of the state sales tax shall apply to the special  
589 sales tax authorized by subsections (1) through (3) of this  
590 section, except where there is a conflict, in which case the  
591 provisions of subsections (1) through (3) of this section shall  
592 control. Any damages, penalties or interest collected for the  
593 nonpayment of taxes imposed under subsections (1) through (3) of  
594 this section, or for noncompliance with the provisions of  
595 subsections (1) through (3) of this section, shall be paid to the  
596 county in which such damages, penalties or interest were collected  
597 on the same basis and in the same manner as the tax proceeds. Any  
598 overpayment of tax for any reason that has been disbursed to any  
599 county or any payment of the tax to any county in error may be  
600 adjusted by the State Tax Commission on any subsequent payment to  
601 the county involved pursuant to the provisions of the Mississippi  
602 Sales Tax Law. The State Tax Commission may, from time to time,  
603 make such rules and regulations not inconsistent with subsections  
604 (1) through (3) of this section as may be deemed necessary to  
605 carry out the provisions of subsections (1) through (3) of this  
606 section, and such rules and regulations shall have the full force  
607 and effect of law.

608 (d) The special sales tax shall be discontinued by the  
609 board of supervisors of the county on the first day of the month  
610 immediately succeeding the date any indebtedness, including  
611 interest, incurred by the county for the transportation  
612 infrastructure projects or other capital projects, or both, is  
613 retired, or in the event the county incurs no indebtedness, the

614 first day of the month after all obligations for the  
615 transportation infrastructure projects or other capital projects,  
616 or both, have been paid. Any amount remaining in the separate  
617 fund containing the proceeds of the special sales tax not  
618 necessary to retire the debt or pay any other obligations, shall  
619 be transferred to the county general fund.

620 (e) The board of supervisors of a county may not impose  
621 a special sales tax under this section on sales that are subject  
622 to any tax levied and collected (before the date a resolution is  
623 adopted under subsection (2)(b) of this section) under the  
624 authority of a local and private law of the State of Mississippi,  
625 and collected and paid to the State Tax Commission in the same or  
626 similar manner that state sales taxes are collected and paid.

627 (4) The board of supervisors of any county that levies a  
628 special sales tax pursuant to subsections (1) through (3) of this  
629 section may incur indebtedness of the county in an aggregate  
630 principal amount that is not in excess of an amount for which debt  
631 service is capable of being funded by the proceeds of the special  
632 sales tax levied pursuant to subsections (1) through (3) of this  
633 section. The indebtedness authorized by this subsection (4) shall  
634 not be considered when computing any limitation of indebtedness of  
635 the county established by law.

636 **SECTION 5.** Section 21-33-303, Mississippi Code of 1972, is  
637 amended as follows:

638 21-33-303. No municipality shall hereafter issue bonds  
639 secured by a pledge of its full faith and credit for the purposes  
640 authorized by law in an amount which, when added to the then  
641 outstanding bonded indebtedness of such municipality, shall exceed  
642 either (a) fifteen percent (15%) of the assessed value of the  
643 taxable property within such municipality, according to the last  
644 completed assessment for taxation, or (b) ten percent (10%) of the  
645 assessment upon which taxes were levied for its fiscal year ending  
646 September 30, 1984, whichever is greater. In computing such

647 indebtedness, there may be deducted all bonds or other evidences  
648 of indebtedness, heretofore or hereafter issued, for school,  
649 water, sewerage systems, gas, and light and power purposes and for  
650 the construction of special improvements primarily chargeable to  
651 the property benefited, or for the purpose of paying the  
652 municipality's proportion of any betterment program, a portion of  
653 which is primarily chargeable to the property benefited. However,  
654 in no case shall any municipality contract any indebtedness which,  
655 when added to all of the outstanding general obligation  
656 indebtedness, both bonded and floating, shall exceed either (a)  
657 twenty percent (20%) of the assessed value of all taxable property  
658 within such municipality according to the last completed  
659 assessment for taxation or (b) fifteen percent (15%) of the  
660 assessment upon which taxes were levied for its fiscal year ending  
661 September 30, 1984, whichever is greater. Nothing herein  
662 contained shall be construed to apply to contract obligations in  
663 any form heretofore or hereafter incurred by any municipality  
664 which are subject to annual appropriations therefor, or to bonds  
665 heretofore issued by any municipality for school purposes, or to  
666 contract obligations in any form heretofore or hereafter incurred  
667 by any municipality which are payable exclusively from the  
668 revenues of any municipally-owned utility, or to bonds issued by  
669 any municipality under the provisions of Sections 57-1-1 through  
670 57-1-51, or to any special assessment improvement bonds issued by  
671 any municipality under the provisions of Sections 21-41-1 through  
672 21-41-53, or to any indebtedness incurred under Section 55-23-8,  
673 or to any indebtedness incurred under Section 1, 2, 3 or 4 of  
674 Senate Bill No. \_\_\_\_\_, 2004 Regular Session.

675 All bonds issued prior to July 1, 1990, pursuant to this  
676 chapter by any municipality for the purpose of the constructing,  
677 replacing, renovating or improving wastewater collection and  
678 treatment facilities in order to comply with an administrative  
679 order of the Mississippi Department of Natural Resources issued

680 pursuant to the Federal Water Pollution Control Act and amendments  
681 thereto, are hereby exempt from the limitation imposed by this  
682 section if the governing body of the municipality adopts an order,  
683 resolution or ordinance to the effect that the rates paid by the  
684 users of such facilities shall be increased to the extent  
685 necessary to provide sufficient funds for the payment of the  
686 principal of and interest on such bonds as each respectively  
687 becomes due and payable as well as the necessary expenses in  
688 connection with the operation and maintenance of such facilities.

689 **SECTION 6.** Section 19-9-5, Mississippi Code of 1972, is  
690 amended as follows:

691 19-9-5. No county shall hereafter issue bonds secured by a  
692 pledge of its full faith and credit for the purposes authorized by  
693 law in an amount which, when added to the then outstanding bonds  
694 of such county, shall exceed either (a) fifteen percent (15%) of  
695 the assessed value of the taxable property within such county  
696 according to the last completed assessment for taxation, or (b)  
697 fifteen percent (15%) of the assessment upon which taxes were  
698 levied for its fiscal year ending September 30, 1984, whichever is  
699 greater.

700 However, any county in the state which shall have experienced  
701 washed-out or collapsed bridges on the public roads of the county  
702 for any cause or reason may hereafter issue bonds for bridge  
703 purposes as now authorized by law in an amount which, when added  
704 to the then outstanding general obligation bonds of such county,  
705 shall not exceed either (a) twenty percent (20%) of the assessed  
706 value of the taxable property within such county according to the  
707 last completed assessment for taxation or (b) fifteen percent  
708 (15%) of the assessment upon which taxes were levied for its  
709 fiscal year ending September 30, 1984, whichever is greater.

710 Provided further, in computing such indebtedness, there may  
711 be deducted all bonds or other evidences of indebtedness  
712 heretofore or hereafter issued, for the construction of hospitals,

713 ports or other capital improvements which are payable primarily  
714 from the net revenue to be generated from such hospital, port or  
715 other capital improvement, which revenue shall be pledged to the  
716 retirement of such bonds or other evidences of indebtedness,  
717 together with the full faith and credit of the county. However,  
718 in no case shall any county contract any indebtedness payable in  
719 whole or in part from proceeds of ad valorem taxes which, when  
720 added to all of the outstanding general obligation indebtedness,  
721 both bonded and floating, shall exceed either (a) twenty percent  
722 (20%) of the assessed value of all taxable property within such  
723 county according to the last completed assessment for taxation, or  
724 (b) fifteen percent (15%) of the assessment upon which taxes were  
725 levied for its fiscal year ending September 30, 1984, whichever is  
726 greater. Nothing herein contained shall be construed to apply to  
727 contract obligations in any form heretofore or hereafter incurred  
728 by any county which are subject to annual appropriations therefor,  
729 or to bonds heretofore or hereafter issued by any county for  
730 school purposes, or to bonds issued by any county under the  
731 provisions of Sections 57-1-1 through 57-1-51, or to any  
732 indebtedness incurred under Section 55-23-8, or to any  
733 indebtedness incurred under Section 1, 2, 3 or 4 of Senate Bill  
734 No. \_\_\_\_\_, 2004 Regular Session.

735         **SECTION 7.** It is the intent of the Legislature that the  
736 amount of State General Funds appropriated to the State Tax  
737 Commission shall not be reduced because of funds collected by the  
738 commission under Section 1(3)(a), Section 2(3)(a), Section 3(3)(a)  
739 and/or Section 4(3)(a) of this act.

740         **SECTION 8.** The Attorney General of the State of Mississippi  
741 shall submit this act, immediately upon approval by the Governor,  
742 or upon approval by the Legislature subsequent to a veto, to the  
743 Attorney General of the United States or to the United States  
744 District Court for the District of Columbia in accordance with the

745 provisions of the Voting Rights Act of 1965, as amended and  
746 extended.

747         **SECTION 9.** This act shall take effect and be in force from  
748 and after the date it is effectuated under Section 5 of the Voting  
749 Rights Act of 1965, as amended and extended.