

By: Representative Flaggs

To: Ways and Means

HOUSE BILL NO. 1294
(As Sent to Governor)

1 AN ACT TO CREATE THE "ECONOMIC REDEVELOPMENT ACT" TO ASSIST
 2 CERTAIN COUNTIES AND MUNICIPALITIES IN ENCOURAGING ECONOMIC
 3 REDEVELOPMENT OF CERTAIN CONTAMINATED SITES; TO AUTHORIZE THE
 4 MISSISSIPPI DEVELOPMENT AUTHORITY TO DESIGNATE CERTAIN COUNTIES
 5 AND MUNICIPALITIES AS REDEVELOPMENT COUNTIES AND MUNICIPALITIES;
 6 TO PROVIDE THAT CERTAIN COUNTIES AND MUNICIPALITIES MAY APPLY TO
 7 THE MISSISSIPPI DEVELOPMENT AUTHORITY FOR DESIGNATION AS
 8 REDEVELOPMENT COUNTIES AND MUNICIPALITIES; TO PROVIDE AN INCENTIVE
 9 FOR PERSONS, CORPORATIONS OR OTHER ENTITIES THAT INCUR
 10 INDEBTEDNESS TO UNDERTAKE REDEVELOPMENT PROJECTS; TO CREATE THE
 11 REDEVELOPMENT INCENTIVE FUND; TO AUTHORIZE INCENTIVE PAYMENTS FROM
 12 SUCH FUND TO PERSONS, CORPORATIONS OR OTHER ENTITIES THAT INCUR
 13 INDEBTEDNESS TO UNDERTAKE REDEVELOPMENT PROJECTS; TO LIMIT THE
 14 TOTAL AGGREGATE AMOUNT OF INCENTIVE PAYMENTS THAT MAY BE PAID TO A
 15 DEVELOPER; TO AUTHORIZE THE MISSISSIPPI DEVELOPMENT AUTHORITY TO
 16 DEVELOP A PROGRAM TO ADMINISTER THE INCENTIVE PAYMENT AUTHORIZED
 17 BY THIS ACT; TO PROVIDE THAT SALES AND USE TAXES IMPOSED ON SALES
 18 AND CERTAIN PURCHASES OF AN APPROVED BUSINESS ENTERPRISE WITHIN A
 19 REDEVELOPMENT PROJECT AREA, INCOME TAX IMPOSED ON INCOME EARNED BY
 20 AN APPROVED BUSINESS ENTERPRISE WITHIN A REDEVELOPMENT PROJECT
 21 AREA AND FRANCHISE TAX IMPOSED ON THE VALUE OF CAPITAL USED,
 22 INVESTED OR EMPLOYED BY AN APPROVED BUSINESS ENTERPRISE WITHIN A
 23 REDEVELOPMENT PROJECT AREA, SHALL BE DEPOSITED INTO THE
 24 REDEVELOPMENT PROJECT INCENTIVE FUND; TO AMEND SECTIONS 27-7-45,
 25 27-13-5, 27-13-7 AND 27-65-75, MISSISSIPPI CODE OF 1972, IN
 26 CONFORMITY THERETO; AND FOR RELATED PURPOSES.

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

28 **SECTION 1.** Sections 1 through 6 of this act shall be known
 29 and may be cited as the "Economic Redevelopment Act."

30 **SECTION 2.** The Legislature finds and determines that there
 31 exists in this state a continuing need for programs to assist
 32 certain counties and municipalities in encouraging economic
 33 development, the consequent job creation and retention, additional
 34 private investment and increased local and state revenue which
 35 together insures the further development of a balanced economy.
 36 The Legislature further finds that this need is particularly great
 37 in counties and municipalities where there are located certain
 38 environmentally contaminated sites that are not currently
 39 conducive to such economic development. To achieve the combined

40 purposes of encouraging economic development on and around
41 environmentally contaminated sites, it is necessary to assist and
42 encourage such economic development by providing temporary tax
43 incentives within certain counties and municipalities to certain
44 business enterprises.

45 Further, the Legislature finds and determines that the
46 authority granted under Sections 1 through 6 of this act and the
47 purposes to be accomplished hereby are proper governmental and
48 public purposes and that the resulting economic benefits to the
49 state are of paramount importance, mandating that the provisions
50 of Sections 1 through 6 of this act be liberally construed and
51 applied in order to advance the public purposes.

52 **SECTION 3.** As used in Sections 1 through 6 of this act, the
53 following words and phrases shall have the meanings ascribed
54 herein unless the context clearly indicates otherwise:

55 (a) "Business enterprise" means any permanent business
56 enterprise locating or relocating within a redevelopment project
57 area including without limitation:

58 (i) Industry for the manufacturing, processing,
59 assembling, storing, warehousing, servicing, distributing or
60 selling of any products or goods, including products of
61 agriculture;

62 (ii) Enterprises for research and development,
63 including, but not limited to, scientific laboratories;

64 (iii) Industry for the retail sale of goods and
65 services;

66 (iv) The industry for recreation and hospitality,
67 including, but not limited to, restaurants, hotels and sports
68 facilities; and

69 (v) Such other businesses or industry as will be
70 in furtherance of the public purposes of Sections 1 through 6 of
71 this act as determined by the MDA.

72 The term "business enterprise" shall not include gaming
73 businesses.

74 (b) "Contaminated site" means real property that is
75 subject to a bankruptcy court order in which the property has been
76 abandoned from the bankruptcy estate, and the expansion,
77 redevelopment or reuse of which is complicated by the presence or
78 potential presence of a hazardous substance, pollutant or
79 contaminant.

80 (c) "County" means any county of this state.

81 (d) "Developer" means any person who assumes certain
82 environmental liability at a contaminated site and enters into an
83 agreement with a redevelopment county or municipality whereby the
84 developer agrees to undertake a redevelopment project. "Developer
85 agreement" means said agreement.

86 (e) "Governing body" means the board of supervisors of
87 any county or the governing board of a municipality.

88 (f) "Law" means any act or statute, general, special or
89 local, of this state.

90 (g) "MDA" means the Mississippi Development Authority.

91 (h) "MDEQ" means the Mississippi Department of
92 Environmental Quality.

93 (i) "Municipality" means any incorporated municipality
94 in the state.

95 (j) "Person" means a natural person, partnership,
96 association, corporation, business trust or other business entity.

97 (k) "Redevelopment counties and municipalities" means
98 those counties or municipalities which meet the requirements of
99 Sections 1 through 6 of this act and which have by resolution or
100 order designated a redevelopment project area and given its
101 consent to participate in the program established under Sections 1
102 through 6 of this act.

103 (l) "Redevelopment project" means a project that
104 combines remediation of a contaminated site with the planned

105 development of such site and surrounding land in a manner
106 conducive to use by the public or business enterprises including
107 the construction of recreational facilities.

108 (m) "Redevelopment project area" means the geographic
109 area defined by resolution of the county or municipality within
110 which the remediation and planned development will take place
111 containing the contaminated site and additional surrounding and
112 adjacent land and waterfront, not exceeding six hundred fifty
113 (650) acres, suitable for development.

114 (n) "Resolution" means an order, resolution, ordinance,
115 act, record of minutes or other appropriate enactment of a
116 governing body.

117 (o) "State taxes and fees" means any sales tax imposed
118 on the sales or certain purchases by a business enterprise
119 pursuant to law within a redevelopment project area, all income
120 tax imposed pursuant to law on income earned by the approved
121 business enterprise within a redevelopment project area and all
122 franchise tax imposed pursuant to law on the value of capital
123 used, invested or employed by the approved business enterprise in
124 a redevelopment project area.

125 **SECTION 4.** (1) From and after January 1, 2005, and until
126 December 31, 2009, any counties or municipalities meeting the
127 following conditions may apply to the MDA for the issuance of a
128 certificate of public convenience and necessity:

129 (a) There is located within such county or municipality
130 a contaminated site;

131 (b) There has been established by resolution of the
132 county or municipality a redevelopment project area;

133 (c) There is submitted to the MDA application for
134 designation as a redevelopment county or municipality which, at
135 minimum, contains (i) MDEQ concurrence of the existence of a
136 contaminated site and concurrence and involvement in the
137 assessment and remediation plan, (ii) a resolution of the county

138 or municipality setting forth the boundaries of the redevelopment
139 project area and consenting to the designation of the county or
140 municipality as a redevelopment county or municipality, and (iii)
141 a developer agreement.

142 (2) If a proposed redevelopment project area falls wholly
143 within the municipality, only the municipality must apply to the
144 MDA for designation as a redevelopment municipality. If a
145 proposed redevelopment project area falls wholly within the county
146 and outside the boundaries of a municipality, only the county may
147 apply to the MDA for designation as a redevelopment county. If a
148 proposed redevelopment project area falls partly within and partly
149 without a municipality, then both the county and municipality must
150 apply for designation as a redevelopment county and municipality;
151 however, the county and municipality may submit a single
152 application to the MDA, but the governing bodies of both the
153 county and the municipality must pass resolutions meeting the
154 requirements of paragraph (c)(ii) of subsection (1) of this
155 section.

156 **SECTION 5.** (1) There is created in the State Treasury a
157 special fund to be known as the "Redevelopment Project Incentive
158 Fund," into which shall be deposited certain state taxes and fees
159 collected from business enterprises located within the
160 redevelopment project area.

161 The monies in the fund shall be used for the purpose of
162 making the incentive payments authorized in this section. The
163 fund shall be administered by the MDA. Any interest earned on or
164 investment earnings on the amounts in the fund shall be deposited
165 to the credit of the fund. Unexpended amounts remaining in the
166 fund at the end of a fiscal year that are not necessary for
167 incentive payments shall lapse into the General Fund. The MDA may
168 use not more than one percent (1%) of interest earned or
169 investment earnings, or both, on amounts in the fund for
170 administration and management of the incentive program. The MDEQ

171 may use not more than one percent (1%) of interest earned or
172 investment earnings, or both, on amounts in the fund for oversight
173 costs of the assessment and remediation of the contaminated site.

174 (2) (a) Incentive payments may be made by the MDA to a
175 developer in connection with a redevelopment project. Subject to
176 the provisions of this subsection, the payments to a developer
177 shall be for the amount of state taxes and fees collected from
178 business enterprises located and operating within a redevelopment
179 project area and deposited into the Redevelopment Project
180 Incentive Fund. In the case of sales taxes, the amounts deposited
181 in the Redevelopment Project Incentive Fund shall be reduced by
182 the diversions required in Section 27-65-75. The MDA shall make
183 payments to an approved participant on a semiannual basis with
184 payments being made in the months of January and July. The MDA
185 shall make the calculations necessary to make the payments
186 provided for in this section. The MDA shall cease making
187 incentive payments to a developer ten (10) years from the date
188 that is two (2) years after the date on which the redevelopment
189 project is approved by the MDA.

190 (b) Except as otherwise provided in this subsection,
191 payments made to a developer under this section shall be in the
192 following amounts:

193 (i) For the first six (6) years in which such
194 payments are made, the developer shall receive one hundred percent
195 (100%) of the funds deposited into the Redevelopment Project
196 Incentive Fund;

197 (ii) For the seventh year in which such payments
198 are made, the developer shall receive eighty percent (80%) of the
199 funds deposited into the Redevelopment Project Incentive Fund;

200 (iii) For the eighth year in which such payments
201 are made, the developer shall receive seventy percent (70%) of the
202 funds deposited into the Redevelopment Project Incentive Fund;

203 (iv) For the ninth year in which such payments are
204 made, the developer shall receive sixty percent (60%) of the funds
205 deposited into the Redevelopment Project Incentive Fund; and

206 (v) For the tenth year in which such payments are
207 made, the developer shall receive fifty percent (50%) of the funds
208 deposited into the Redevelopment Project Incentive Fund.

209 (c) In no event shall the total aggregate amount of
210 incentive payments that may be made to a developer under this
211 section exceed two and one-half (2-1/2) times the amount of the
212 allowable cost of remediation of the contaminated site. The
213 allowable cost of remediation of the contaminated site shall be
214 jointly determined by the MDEQ and the MDA.

215 (d) Any monies in the Redevelopment Project Incentive
216 Fund which are not used for the purpose of making incentive
217 payments to a developer shall be deposited into the State General
218 Fund. The developer shall not distribute the proceeds of any
219 incentive payment to a business enterprise.

220 (3) At such time as payments are no longer required to be
221 made to a developer, the MDA shall notify the State Tax Commission
222 and the state taxes and fees collected from business enterprises
223 located within the redevelopment project area shall no longer be
224 deposited into the Redevelopment Project Incentive Fund.

225 **SECTION 6.** The MDA shall promulgate rules and regulations,
226 in accordance with the Mississippi Administrative Procedures Law,
227 for the implementation and administration of Sections 1 through 6
228 of this act.

229 **SECTION 7.** Section 27-7-45, Mississippi Code of 1972, is
230 amended as follows:

231 27-7-45. (1) The tax levied by this article shall be paid
232 when the return is due except as hereinafter provided.

233 (2) If any officer or employee of the State of Mississippi,
234 or any political subdivision thereof, does not pay his state
235 income tax on or before August 15 after such income tax becomes

236 due and payable, or is in arrears in child support payments for
237 thirty (30) days after such payments become due and payable, his
238 wages, salary or other compensation shall be withheld and paid to
239 the tax commission or the Department of Human Services, as the
240 case may be, in satisfaction of said income tax, interest, and
241 penalty, if any, and any child support arrearage until paid in
242 full. This provision shall apply to any installments of income
243 tax or child support due, after the first installment, to require
244 payment of the entire balance of child support tax due, plus
245 interest and penalty, if any, before an officer or employee of the
246 State of Mississippi, or any political subdivision thereof, is
247 eligible to draw any salary or other emoluments of office. The
248 Tax Commissioner is required to furnish the State Fiscal Officer,
249 chancery clerk, city clerk or other appropriate fiscal officer of
250 a political subdivision, as the case may be, with notice that
251 income taxes have not been paid. The Department of Human Services
252 is required to furnish the officer's or the employee's employer,
253 or other appropriate officer of the State of Mississippi or its
254 political subdivision, as the case may be, with notice that child
255 support payments have not been made. This notice shall serve as a
256 lien or attachment upon any salary or compensation due any
257 employee or officer, disregard of this notice creating personal
258 liability against such officer for the full amount of the income
259 tax due, plus interest and penalty. The State Tax Commission may,
260 in its discretion by order entered upon its minutes, waive the
261 provisions of this subsection on behalf of any public officer or
262 employee in the event of an extended personal illness, an extended
263 illness in his immediate family or other emergency. Regardless of
264 the amount designated in the Department of Human Service's notice
265 for withholding and regardless of other fees imposed or amounts
266 withheld pursuant to this section, the payor shall not deduct from
267 the income of the officer or employee in excess of the amounts

268 allowed under Section 303(b) of the Consumer Credit Protection
269 Act, being 15 USCS 1673, as amended.

270 (3) The tax or child support payment may be paid with
271 uncertified check during such time and under such regulations as
272 the commissioner or the Department of Human Services shall
273 prescribe, but if the check so received is not paid by the bank on
274 which it is drawn, the officer or employee for whom such check is
275 tendered shall remain liable for the payment of the tax, child
276 support payment and for all penalties, the same as if such check
277 had not been tendered.

278 (4) If a corporation is subject to LIFO recapture pursuant
279 to Section 1363(d) of the Code, then:

280 (a) Any increase in the tax imposed by Section 27-7-5
281 by reason of the inclusion of the LIFO recapture amount in its
282 income shall be payable in four (4) equal installments;

283 (b) The first installment shall be paid on or before
284 the due date (determined without regard to extensions) for filing
285 the return for the first taxable year for which the corporation
286 was subject to the LIFO recapture;

287 (c) The three (3) succeeding installments shall be paid
288 on or before the due date (determined without regard to
289 extensions) for filing the corporation's return for the three (3)
290 succeeding taxable years; and

291 (d) For purposes of computing interest on
292 underpayments, the last three (3) installments shall not be
293 considered underpayments until after the payment due date
294 specified above.

295 (5) For purposes of this section, a political subdivision
296 includes, but is not limited to, a county or separate school
297 district, institution of higher learning, state college or
298 university, or state community college.

299 (6) The tax levied by this article and paid by a business
300 enterprise located in a redevelopment project area under

301 Sections 1 through 6 of House Bill No. 1294, 2005 Regular Session,
302 shall be deposited into the Redevelopment Project Incentive Fund
303 created in Section 5 of House Bill No. 1294, 2005 Regular Session.

304 **SECTION 8.** Section 27-13-5, Mississippi Code of 1972, is
305 amended as follows:

306 27-13-5. (1) **Franchise tax levy.** Except as otherwise
307 provided in subsections (3), (4) and (5) of this section, there is
308 hereby imposed, to be paid and collected as hereinafter provided,
309 a franchise or excise tax upon every corporation, association or
310 joint-stock company or partnership treated as a corporation under
311 the income tax laws or regulations, organized or created for
312 pecuniary gain, having privileges not possessed by individuals,
313 and having authorized capital stock now existing in this state, or
314 hereafter organized, created or established, under and by virtue
315 of the laws of the State of Mississippi, equal to Two Dollars and
316 Fifty Cents (\$2.50) for each One Thousand Dollars (\$1,000.00), or
317 fraction thereof, of the value of the capital used, invested or
318 employed in the exercise of any power, privilege or right enjoyed
319 by such organization within this state, except as hereinafter
320 provided. In no case shall the franchise tax due for the
321 accounting period be less than Twenty-five Dollars (\$25.00). It
322 is the purpose of this section to require the payment to the State
323 of Mississippi of this tax for the right granted by the laws of
324 this state to exist as such organization, and to enjoy, under the
325 protection of the laws of this state, the powers, rights,
326 privileges and immunities derived from the state by the form of
327 such existence.

328 (2) **Annual report of domestic corporations.** Each domestic
329 corporation shall file, within the time prescribed by Section
330 79-3-251, an annual report as required by the provisions of
331 Section 79-3-249.

332 (3) A corporation that has negotiated a fee-in-lieu as
333 defined in Section 57-75-5 shall not be subject to the tax levied

334 by this section on such project; provided, however, that the
335 fee-in-lieu payment shall be otherwise treated in the same manner
336 as the payment of franchise taxes.

337 (4) An approved business enterprise as defined in the Growth
338 and Prosperity Act shall not be subject to the tax levied by this
339 section on the value of capital used, invested or employed by the
340 approved business enterprise in a growth and prosperity county or
341 supervisors district as provided in the Growth and Prosperity Act.

342 (5) A business enterprise operating a project as defined in
343 Section 57-64-33, in a county that is a member of a regional
344 economic development alliance created under the Regional Economic
345 Development Act shall not be subject to the tax levied by this
346 section on the value of capital used, invested or employed by the
347 business enterprise in such a county as provided in Section
348 57-64-33.

349 (6) The tax levied by this chapter and paid by a business
350 enterprise located in a redevelopment project area under Sections
351 1 through 6 of House Bill No. 1294, 2005 Regular Session, shall be
352 deposited into the Redevelopment Project Incentive Fund created in
353 Section 5 of House Bill No. 1294, 2005 Regular Session.

354 **SECTION 9.** Section 27-13-7, Mississippi Code of 1972, is
355 amended as follows:

356 27-13-7. (1) **Franchise tax levy.** Except as otherwise
357 provided in subsections (3), (4) and (5) of this section, there is
358 hereby imposed, levied and assessed upon every corporation,
359 association or joint-stock company, or partnership treated as a
360 corporation under the Income Tax Laws or regulations as
361 hereinbefore defined, organized and existing under and by virtue
362 of the laws of some other state, territory or country, or
363 organized and existing without any specific statutory authority,
364 now or hereafter doing business or exercising any power, privilege
365 or right within this state, as hereinbefore defined, a franchise
366 or excise tax equal to Two Dollars and Fifty Cents (\$2.50) of each

367 One Thousand Dollars (\$1,000.00), or fraction thereof, of the
368 value of capital used, invested or employed within this state,
369 except as hereinafter provided. In no case shall the franchise
370 tax due for the accounting period be less than Twenty-five Dollars
371 (\$25.00). It is the purpose of this section to require the
372 payment of a tax by all organizations not organized under the laws
373 of this state, measured by the amount of capital or its
374 equivalent, for which such organization receives the benefit and
375 protection of the government and laws of the state.

376 (2) **Annual report of foreign corporations.** Each foreign
377 corporation authorized to transact business in this state shall
378 file, within the time prescribed by Section 79-3-251, an annual
379 report as required by the provisions of Section 79-3-249.

380 (3) A corporation that has negotiated a fee-in-lieu as
381 defined in Section 57-75-5 shall not be subject to the tax levied
382 by this section on such project; provided, however, that the
383 fee-in-lieu payment shall be otherwise treated in the same manner
384 as the payment of franchise taxes.

385 (4) An approved business enterprise as defined in the Growth
386 and Prosperity Act shall not be subject to the tax levied by this
387 section on the value of capital used, invested or employed by the
388 approved business enterprise in a growth and prosperity county or
389 supervisors district as provided in the Growth and Prosperity Act.

390 (5) A business enterprise operating a project as defined in
391 Section 57-64-33, in a county that is a member of a regional
392 economic development alliance created under the Regional Economic
393 Development Act shall not be subject to the tax levied by this
394 section on the value of capital used, invested or employed by the
395 business enterprise in such a county as provided in Section
396 57-64-33.

397 (6) The tax levied by this chapter and paid by a business
398 enterprise located in a redevelopment project area under Sections
399 1 through 6 of House Bill No. 1294, 2005 Regular Session, shall be

400 deposited into the Redevelopment Project Incentive Fund created in
401 Section 5 of House Bill No. 1294, 2005 Regular Session.

402 **SECTION 10.** Section 27-65-75, Mississippi Code of 1972, as
403 amended by House Bill No. 469, 2005 Regular Session, is amended as
404 follows:

405 27-65-75. On or before the fifteenth day of each month, the
406 revenue collected under the provisions of this chapter during the
407 preceding month shall be paid and distributed as follows:

408 (1) On or before August 15, 1992, and each succeeding month
409 thereafter through July 15, 1993, eighteen percent (18%) of the
410 total sales tax revenue collected during the preceding month under
411 the provisions of this chapter, except that collected under the
412 provisions of Sections 27-65-15, 27-65-19(3) and 27-65-21, on
413 business activities within a municipal corporation shall be
414 allocated for distribution to the municipality and paid to the
415 municipal corporation. On or before August 15, 1993, and each
416 succeeding month thereafter, eighteen and one-half percent
417 (18-1/2%) of the total sales tax revenue collected during the
418 preceding month under the provisions of this chapter, except that
419 collected under the provisions of Sections 27-65-15, 27-65-19(3)
420 and 27-65-21, on business activities within a municipal
421 corporation shall be allocated for distribution to the
422 municipality and paid to the municipal corporation.

423 A municipal corporation, for the purpose of distributing the
424 tax under this subsection, shall mean and include all incorporated
425 cities, towns and villages.

426 Monies allocated for distribution and credited to a municipal
427 corporation under this subsection may be pledged as security for
428 any loan received by the municipal corporation for the purpose of
429 capital improvements as authorized under Section 57-1-303, or
430 loans as authorized under Section 57-44-7, or water systems
431 improvements as authorized under Section 41-3-16.

432 In any county having a county seat that is not an
433 incorporated municipality, the distribution provided under this
434 subsection shall be made as though the county seat was an
435 incorporated municipality; however, the distribution to the
436 municipality shall be paid to the county treasury in which the
437 municipality is located, and those funds shall be used for road,
438 bridge and street construction or maintenance in the county.

439 (2) On or before September 15, 1987, and each succeeding
440 month thereafter, from the revenue collected under this chapter
441 during the preceding month, One Million One Hundred Twenty-five
442 Thousand Dollars (\$1,125,000.00) shall be allocated for
443 distribution to municipal corporations as defined under subsection
444 (1) of this section in the proportion that the number of gallons
445 of gasoline and diesel fuel sold by distributors to consumers and
446 retailers in each such municipality during the preceding fiscal
447 year bears to the total gallons of gasoline and diesel fuel sold
448 by distributors to consumers and retailers in municipalities
449 statewide during the preceding fiscal year. The State Tax
450 Commission shall require all distributors of gasoline and diesel
451 fuel to report to the commission monthly the total number of
452 gallons of gasoline and diesel fuel sold by them to consumers and
453 retailers in each municipality during the preceding month. The
454 State Tax Commission shall have the authority to promulgate such
455 rules and regulations as is necessary to determine the number of
456 gallons of gasoline and diesel fuel sold by distributors to
457 consumers and retailers in each municipality. In determining the
458 percentage allocation of funds under this subsection for the
459 fiscal year beginning July 1, 1987, and ending June 30, 1988, the
460 State Tax Commission may consider gallons of gasoline and diesel
461 fuel sold for a period of less than one (1) fiscal year. For the
462 purposes of this subsection, the term "fiscal year" means the
463 fiscal year beginning July 1 of a year.

464 (3) On or before September 15, 1987, and on or before the
465 fifteenth day of each succeeding month, until the date specified
466 in Section 65-39-35, the proceeds derived from contractors' taxes
467 levied under Section 27-65-21 on contracts for the construction or
468 reconstruction of highways designated under the highway program
469 created under Section 65-3-97 shall, except as otherwise provided
470 in Section 31-17-127, be deposited into the State Treasury to the
471 credit of the State Highway Fund to be used to fund that highway
472 program. The Mississippi Department of Transportation shall
473 provide to the State Tax Commission such information as is
474 necessary to determine the amount of proceeds to be distributed
475 under this subsection.

476 (4) On or before August 15, 1994, and on or before the
477 fifteenth day of each succeeding month through July 15, 1999, from
478 the proceeds of gasoline, diesel fuel or kerosene taxes as
479 provided in Section 27-5-101(a)(ii)1, Four Million Dollars
480 (\$4,000,000.00) shall be deposited in the State Treasury to the
481 credit of a special fund designated as the "State Aid Road Fund,"
482 created by Section 65-9-17. On or before August 15, 1999, and on
483 or before the fifteenth day of each succeeding month, from the
484 total amount of the proceeds of gasoline, diesel fuel or kerosene
485 taxes apportioned by Section 27-5-101(a)(ii)1, Four Million
486 Dollars (\$4,000,000.00) or an amount equal to twenty-three and
487 one-fourth percent (23.25%) of those funds, whichever is the
488 greater amount, shall be deposited in the State Treasury to the
489 credit of the "State Aid Road Fund," created by Section 65-9-17.
490 Those funds shall be pledged to pay the principal of and interest
491 on state aid road bonds heretofore issued under Sections 19-9-51
492 through 19-9-77, in lieu of and in substitution for the funds
493 previously allocated to counties under this section. Those funds
494 may not be pledged for the payment of any state aid road bonds
495 issued after April 1, 1981; however, this prohibition against the
496 pledging of any such funds for the payment of bonds shall not

497 apply to any bonds for which intent to issue those bonds has been
498 published, for the first time, as provided by law before March 29,
499 1981. From the amount of taxes paid into the special fund under
500 this subsection and subsection (9) of this section, there shall be
501 first deducted and paid the amount necessary to pay the expenses
502 of the Office of State Aid Road Construction, as authorized by the
503 Legislature for all other general and special fund agencies. The
504 remainder of the fund shall be allocated monthly to the several
505 counties in accordance with the following formula:

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

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

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

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

519 The amount of funds allocated to any county under this
520 subsection for any fiscal year after fiscal year 1994 shall not be
521 less than the amount allocated to the county for fiscal year
522 1994.

523 Any reference in the general laws of this state or the
524 Mississippi Code of 1972 to Section 27-5-105 shall mean and be
525 construed to refer and apply to subsection (4) of Section
526 27-65-75.

527 (5) One Million Six Hundred Sixty-six Thousand Six Hundred
528 Sixty-six Dollars (\$1,666,666.00) each month shall be paid into
529 the special fund known as the "State Public School Building Fund"

530 created and existing under the provisions of Sections 37-47-1
531 through 37-47-67. Those payments into that fund are to be made on
532 the last day of each succeeding month hereafter.

533 (6) An amount each month beginning August 15, 1983, through
534 November 15, 1986, as specified in Section 6 of Chapter 542, Laws
535 of 1983, shall be paid into the special fund known as the
536 Correctional Facilities Construction Fund created in Section 6 of
537 Chapter 542, Laws of 1983.

538 (7) On or before August 15, 1992, and each succeeding month
539 thereafter through July 15, 2000, two and two hundred sixty-six
540 one-thousandths percent (2.266%) of the total sales tax revenue
541 collected during the preceding month under the provisions of this
542 chapter, except that collected under the provisions of Section
543 27-65-17(2) shall be deposited by the commission into the School
544 Ad Valorem Tax Reduction Fund created under Section 37-61-35. On
545 or before August 15, 2000, and each succeeding month thereafter,
546 two and two hundred sixty-six one-thousandths percent (2.266%) of
547 the total sales tax revenue collected during the preceding month
548 under the provisions of this chapter, except that collected under
549 the provisions of Section 27-65-17(2), shall be deposited into the
550 School Ad Valorem Tax Reduction Fund created under Section
551 37-61-35 until such time that the total amount deposited into the
552 fund during a fiscal year equals Forty-two Million Dollars
553 (\$42,000,000.00). Thereafter, the amounts diverted under this
554 subsection (7) during the fiscal year in excess of Forty-two
555 Million Dollars (\$42,000,000.00) shall be deposited into the
556 Education Enhancement Fund created under Section 37-61-33 for
557 appropriation by the Legislature as other education needs and
558 shall not be subject to the percentage appropriation requirements
559 set forth in Section 37-61-33.

560 (8) On or before August 15, 1992, and each succeeding month
561 thereafter, nine and seventy-three one-thousandths percent
562 (9.073%) of the total sales tax revenue collected during the

563 preceding month under the provisions of this chapter, except that
564 collected under the provisions of Section 27-65-17(2), shall be
565 deposited into the Education Enhancement Fund created under
566 Section 37-61-33.

567 (9) On or before August 15, 1994, and each succeeding month
568 thereafter, from the revenue collected under this chapter during
569 the preceding month, Two Hundred Fifty Thousand Dollars
570 (\$250,000.00) shall be paid into the State Aid Road Fund.

571 (10) On or before August 15, 1994, and each succeeding month
572 thereafter through August 15, 1995, from the revenue collected
573 under this chapter during the preceding month, Two Million Dollars
574 (\$2,000,000.00) shall be deposited into the Motor Vehicle Ad
575 Valorem Tax Reduction Fund established in Section 27-51-105.

576 (11) Notwithstanding any other provision of this section to
577 the contrary, on or before February 15, 1995, and each succeeding
578 month thereafter, the sales tax revenue collected during the
579 preceding month under the provisions of Section 27-65-17(2) and
580 the corresponding levy in Section 27-65-23 on the rental or lease
581 of private carriers of passengers and light carriers of property
582 as defined in Section 27-51-101 shall be deposited, without
583 diversion, into the Motor Vehicle Ad Valorem Tax Reduction Fund
584 established in Section 27-51-105.

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

594 (13) On or before July 15, 1994, and on or before the
595 fifteenth day of each succeeding month thereafter, that portion of

596 the avails of the tax imposed in Section 27-65-22 that is derived
597 from activities held on the Mississippi state fairgrounds complex,
598 shall be paid into a special fund that is created in the State
599 Treasury and shall be expended upon legislative appropriation
600 solely to defray the costs of repairs and renovation at the Trade
601 Mart and Coliseum.

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

609 (15) Notwithstanding any other provision of this section to
610 the contrary, on or before September 15, 2000, and each succeeding
611 month thereafter, the sales tax revenue collected during the
612 preceding month under the provisions of Section 27-65-19(1)(f) and
613 (g)(i)2, shall be deposited, without diversion, into the
614 Telecommunications Ad Valorem Tax Reduction Fund established in
615 Section 27-38-7.

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

623 (17) Notwithstanding any other provision of this section to
624 the contrary, on or before April 15, 2002, and each succeeding
625 month thereafter, the sales tax revenue collected during the
626 preceding month under Section 27-65-23 on sales of parking
627 services of parking garages and lots at airports shall be

628 deposited, without diversion, into the special fund created under
629 Section 27-5-101(d).

630 (18) On or before August 15, 2005, and each succeeding month
631 thereafter through July 15, 2006, from the sales tax revenue
632 collected during the preceding month under the provisions of this
633 chapter, Two Million Five Hundred Thousand Dollars (\$2,500,000.00)
634 shall be deposited into the Special Funds Transfer Fund created in
635 Section 4 of Chapter 556, Laws of 2003.

636 (19) (a) On or before August 15, 2005, and each succeeding
637 month thereafter, the sales tax revenue collected during the
638 preceding month under the provisions of this chapter on the gross
639 proceeds of sales of a business enterprise located within a
640 redevelopment project area under the provisions of Sections 1
641 through 6 of House Bill No. 1294, 2005 Regular Session, and the
642 revenue collected on the gross proceeds of sales from sales made
643 to a business enterprise located in a redevelopment project area
644 under the provisions of Sections 1 through 6 of House Bill No.
645 1294, 2005 Regular Session (provided that such sales made to a
646 business enterprise are made on the premises of the business
647 enterprise), shall, except as otherwise provided in this
648 subsection (19), be deposited, after all diversions, into the
649 Redevelopment Project Incentive Fund as created in Section 5 of
650 House Bill No. 1294, 2005 Regular Session.

651 (b) For a municipality participating in the Economic
652 Redevelopment Act created in Sections 1 through 6 of House Bill
653 No. 1294, 2005 Regular Session, the diversion provided for in
654 subsection (1) of this section attributable to the gross proceeds
655 of sales of a business enterprise located within a redevelopment
656 project area under the provisions of Sections 1 through 6 of House
657 Bill No. 1294, 2005 Regular Session, and attributable to the gross
658 proceeds of sales from sales made to a business enterprise located
659 in a redevelopment project area under the provisions of Sections 1
660 through 6 of House Bill No. 1294, 2005 Regular Session (provided

661 that such sales made to a business enterprise are made on the
662 premises of the business enterprise), shall be deposited into the
663 Redevelopment Project Incentive Fund as created in Section 5 of
664 House Bill No. 1294, 2005 Regular Session, as follows:

665 (i) For the first six (6) years in which payments
666 are made to a developer from the Redevelopment Project Incentive
667 Fund, one hundred percent (100%) of the diversion shall be
668 deposited into the fund;

669 (ii) For the seventh year in which such payments
670 are made to a developer from the Redevelopment Project Incentive
671 Fund, eighty percent (80%) of the diversion shall be deposited
672 into the fund;

673 (iii) For the eighth year in which such payments
674 are made to a developer from the Redevelopment Project Incentive
675 Fund, seventy percent (70%) of the diversion shall be deposited
676 into the fund;

677 (iv) For the ninth year in which such payments are
678 made to a developer from the Redevelopment Project Incentive Fund,
679 sixty percent (60%) of the diversion shall be deposited into the
680 fund; and

681 (v) For the tenth year in which such payments are
682 made to a developer from the Redevelopment Project Incentive Fund,
683 fifty percent (50%) of the funds shall be deposited into the fund.

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

687 (21) It shall be the duty of the municipal officials of any
688 municipality that expands its limits, or of any community that
689 incorporates as a municipality, to notify the commissioner of
690 that action thirty (30) days before the effective date. Failure
691 to so notify the commissioner shall cause the municipality to
692 forfeit the revenue that it would have been entitled to receive
693 during this period of time when the commissioner had no knowledge

694 of the action. If any funds have been erroneously disbursed to
695 any municipality or any overpayment of tax is recovered by the
696 taxpayer, the commissioner may make correction and adjust the
697 error or overpayment with the municipality by withholding the
698 necessary funds from any later payment to be made to the
699 municipality.

700 **SECTION 11.** This act shall take effect and be in force from
701 and after January 1, 2005.