

By: Representatives Mayo, Compretta

To: Ways and Means

## HOUSE BILL NO. 1687

1 AN ACT TO AUTHORIZE THE GOVERNING AUTHORITIES OF ANY  
2 MUNICIPALITY TO IMPOSE A SPECIAL SALES TAX OF NOT MORE THAN 1% ON  
3 THE GROSS PROCEEDS OF ALL SALES OR THE GROSS INCOME OF BUSINESSES  
4 IN THE MUNICIPALITY DERIVED FROM ACTIVITIES TAXED AT THE RATE OF  
5 7% OR MORE UNDER THE MISSISSIPPI SALES TAX LAW; TO PROVIDE THAT  
6 THE SPECIAL SALES TAX SHALL NOT BE LEVIED UNLESS AUTHORIZED BY AT  
7 LEAST 3/5 OF THE VOTES CAST AT A REFERENDUM CALLED AND HELD FOR  
8 SUCH PURPOSE; TO AUTHORIZE A MUNICIPALITY TO INCUR INDEBTEDNESS IN  
9 AN AMOUNT NOT GREATER THAN AN AMOUNT FOR WHICH DEBT SERVICE IS  
10 CAPABLE OF BEING FUNDED BY THE PROCEEDS OF THE SPECIAL SALES TAX;  
11 TO PROVIDE THAT THE SPECIAL SALES TAX REVENUE COLLECTED PURSUANT  
12 TO SUCH A TAX SHALL BE USED AND EXPENDED BY THE MUNICIPALITY TO  
13 FUND CAPITAL PROJECTS; TO PROVIDE FOR THE DISCONTINUANCE OF THE  
14 SPECIAL SALES TAX UPON COMPLETION OF THE FUNDING OF THE PROJECTS  
15 FOR WHICH THE TAX WAS LEVIED; TO AUTHORIZE THE BOARD OF  
16 SUPERVISORS OF ANY COUNTY TO IMPOSE A SPECIAL SALES TAX OF NOT  
17 MORE THAN 1% ON THE GROSS PROCEEDS OF ALL SALES OR THE GROSS  
18 INCOME OF BUSINESSES IN THE COUNTY OUTSIDE THE CORPORATE  
19 BOUNDARIES OF ANY MUNICIPALITY WITHIN SUCH COUNTY DERIVED FROM  
20 ACTIVITIES TAXED AT THE RATE OF 7% OR MORE UNDER THE MISSISSIPPI  
21 SALES TAX LAW; TO PROVIDE THAT THE SPECIAL SALES TAX SHALL NOT BE  
22 LEVIED UNLESS AUTHORIZED BY AT LEAST 3/5 OF THE VOTES CAST AT A  
23 REFERENDUM CALLED AND HELD FOR SUCH PURPOSE; TO AUTHORIZE A COUNTY  
24 TO INCUR INDEBTEDNESS IN AN AMOUNT NOT GREATER THAN AN AMOUNT FOR  
25 WHICH DEBT SERVICE IS CAPABLE OF BEING FUNDED BY THE PROCEEDS OF  
26 THE SPECIAL SALES TAX; TO PROVIDE THAT THE SPECIAL SALES TAX  
27 REVENUE COLLECTED PURSUANT TO SUCH A TAX SHALL BE USED AND  
28 EXPENDED BY THE COUNTY TO FUND CAPITAL PROJECTS; TO PROVIDE FOR  
29 THE DISCONTINUANCE OF THE SPECIAL SALES TAX UPON COMPLETION OF THE  
30 FUNDING OF THE PROJECTS FOR WHICH THE TAX WAS LEVIED; TO AUTHORIZE  
31 THE BOARD OF SUPERVISORS OF ANY COUNTY TO IMPOSE A SPECIAL SALES  
32 TAX OF NOT MORE THAN 1% ON THE GROSS PROCEEDS OF ALL SALES OR THE  
33 GROSS INCOME OF BUSINESSES IN THE COUNTY INCLUDING THE CORPORATE  
34 BOUNDARIES OF ANY MUNICIPALITY WITHIN SUCH COUNTY DERIVED FROM  
35 ACTIVITIES TAXED AT THE RATE OF 7% OR MORE UNDER THE MISSISSIPPI  
36 SALES TAX LAW; TO PROVIDE THAT THE SPECIAL SALES TAX SHALL NOT BE  
37 LEVIED UNLESS AUTHORIZED BY AT LEAST 3/5 OF THE VOTES CAST AT A  
38 REFERENDUM CALLED AND HELD FOR SUCH PURPOSE; TO AUTHORIZE A COUNTY  
39 TO INCUR INDEBTEDNESS IN AN AMOUNT NOT GREATER THAN AN AMOUNT FOR  
40 WHICH DEBT SERVICE IS CAPABLE OF BEING FUNDED BY THE PROCEEDS OF  
41 THE SPECIAL SALES TAX; TO PROVIDE THAT THE SPECIAL SALES TAX  
42 REVENUE COLLECTED PURSUANT TO SUCH A TAX SHALL BE USED AND  
43 EXPENDED BY THE COUNTY TO FUND CAPITAL PROJECTS; TO PROVIDE FOR  
44 THE DISCONTINUANCE OF THE SPECIAL SALES TAX UPON COMPLETION OF THE  
45 FUNDING OF THE PROJECTS FOR WHICH THE TAX WAS LEVIED; TO AMEND  
46 SECTIONS 21-33-303 AND 19-9-5, MISSISSIPPI CODE OF 1972, IN  
47 CONFORMITY THERETO; AND FOR RELATED PURPOSES.

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

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

64           (2) Before any tax authorized under this section may be  
65 imposed, the governing authorities of the city shall adopt a  
66 resolution declaring its intention to levy the taxes, setting  
67 forth the amount of the tax to be imposed, the capital project for  
68 which the revenue collected pursuant to the tax levy may be used  
69 and expended, the date upon which the tax shall become effective  
70 and calling for a referendum to be held on the question. The date  
71 of the referendum shall be set in the resolution. Notice of the  
72 referendum shall be published once each week for at least three

73 (3) consecutive weeks in a newspaper published or having a general  
74 circulation in the county, with the first publication of the  
75 notice to be made not less than twenty-one (21) days before the  
76 date fixed in the resolution for the referendum and the last  
77 publication to be made not more than seven (7) days before the  
78 referendum. At the referendum, all qualified electors of the  
79 municipality may vote. The ballots used at the referendum shall  
80 have printed thereon a brief description of the sales tax, the  
81 amount of the sales tax levy, a description of the projects for

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

100 (3) The capital projects for which the revenue collected  
101 pursuant to the tax levy imposed under this section may be used  
102 and expended shall include, but not be limited to, the following:

- 103 (a) Recreational complexes;
- 104 (b) Senior centers;
- 105 (c) Community centers;
- 106 (d) Auditoriums;
- 107 (e) Libraries;
- 108 (f) Major street projects;
- 109 (g) Water and sewage systems;
- 110 (h) Gas lines; and
- 111 (i) Multipurpose buildings.

112 (4) (a) The special sales tax authorized by this section  
113 shall be collected by the State Tax Commission, shall be accounted  
114 for separately from the amount of sales tax collected for the

115 state in the municipality and shall be paid to the municipality in  
116 which collected. The State Tax Commission may retain three  
117 percent (3%) of the proceeds of such tax for the purpose of  
118 defraying the costs incurred by the commission in the collection  
119 of the tax. Payments to the municipalities shall be made by the  
120 State Tax Commission on or before the fifteenth day of the month  
121 following the month in which the tax was collected.

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

129 (c) All provisions of the Mississippi Sales Tax Law  
130 applicable to filing of returns, discounts to the taxpayer,  
131 remittances to the State Tax Commission, enforced collection,  
132 rights of taxpayers, recovery of improper taxes, refunds of  
133 overpaid taxes or other provisions of law providing for imposition  
134 and collection of the state sales tax shall apply to the special  
135 sales tax authorized by this section, except where there is a  
136 conflict, in which case the provisions of this section shall  
137 control. Any damages, penalties or interest collected for the  
138 nonpayment of taxes imposed under this section, or for  
139 noncompliance with the provisions of this section, shall be paid  
140 to the municipality in which such damages, penalties or interest  
141 were 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 this section as may be deemed necessary to  
149 carry out the provisions of this section, and such rules and  
150 regulations shall have the full force and effect of law.

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

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

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

180 tax in the annexed area for as long as such county is imposing a  
181 special sales tax under Section 2 of this act.

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

187 (h) In no event may the tax levied by this subsection  
188 when added to any other tax levied by Section 2, 3 or 4 of this  
189 act exceed the rate of one percent (1%) of the gross proceeds of  
190 sales or gross income of businesses, as the case may be, derived  
191 from any of the activities taxed at the rate of seven percent (7%)  
192 or more under the Mississippi Sales Tax Law, Section 27-65-1 et  
193 seq.

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

202 **SECTION 2.** (1) Subject to the provisions of this section,  
203 the board of supervisors of any county may impose upon all persons  
204 as a privilege for engaging or continuing in business or doing  
205 business within such county but outside the corporate boundaries  
206 of any municipality within such county, a special sales tax at the  
207 rate of not more than one percent (1%) of the gross proceeds of  
208 sales or gross income of the business, as the case may be, derived  
209 from any of the activities taxed at the rate of seven percent (7%)  
210 or more under the Mississippi Sales Tax Law, Section 27-65-1 et  
211 seq. The tax levied under this section shall apply to every  
212 person making sales, delivery or installations of tangible

213 personal property or services within any municipality which has  
214 adopted the levy authorized in this section but shall not apply to  
215 sales exempted by Sections 27-65-19, 27-65-101, 27-65-103,  
216 27-65-105, 27-65-107, 27-65-109 and 27-65-111 of the Mississippi  
217 Sales Tax Law.

218 (2) Before any tax authorized under this section may be  
219 imposed, the board of supervisors of the county shall adopt a  
220 resolution declaring its intention to levy the taxes, setting  
221 forth the amount of the tax to be imposed, the capital project for  
222 which the revenue collected pursuant to the tax levy may be used  
223 and expended, the date upon which the tax shall become effective  
224 and calling for a referendum to be held on the question. The date  
225 of the referendum shall be set in the resolution. Notice of the  
226 referendum shall be published once each week for at least three

227 (3) consecutive weeks in a newspaper published or having a general  
228 circulation in the county, with the first publication of the  
229 notice to be made not less than twenty-one (21) days before the  
230 date fixed in the resolution for the referendum and the last  
231 publication to be made not more than seven (7) days before the  
232 referendum. At the referendum, all qualified electors of the  
233 county may vote. The ballots used at the referendum shall have  
234 printed thereon a brief description of the sales tax, the amount  
235 of the sales tax levy, a description of the projects for which the  
236 tax revenue may be used and expended and the words "FOR THE LOCAL  
237 SALES TAX" and "AGAINST THE LOCAL SALES TAX" and the voter shall  
238 vote by placing a cross (X) or check mark (✓) opposite his choice  
239 on the proposition. When the results of the referendum have been  
240 canvassed by the election commissioners of the county and  
241 certified by them to the board of supervisors, it shall be the  
242 duty of the board of supervisors to determine and adjudicate  
243 whether at least three-fifths (3/5) of the qualified electors who  
244 voted in the referendum voted in favor of the tax. If at least  
245 three-fifths (3/5) of the qualified electors who voted in the

246 referendum voted in favor of the tax, the board of supervisors  
247 shall adopt a resolution declaring the levy and collection of the  
248 tax provided in this section and shall set the first day of the  
249 second month following the date of such adoption as the effective  
250 date of the tax levy. A certified copy of this resolution,  
251 together with the result of the referendum, shall be furnished to  
252 the State Tax Commission not less than thirty (30) days before the  
253 effective date of the levy.

254 (3) The capital projects for which the revenue collected  
255 pursuant to the tax levy imposed under this section may be used  
256 and expended shall include, but not be limited to, the following:

- 257 (a) Recreational complexes;
- 258 (b) Senior centers;
- 259 (c) Community centers;
- 260 (d) Auditoriums;
- 261 (e) Libraries;
- 262 (f) Major street projects;
- 263 (g) Water and sewage systems;
- 264 (h) Gas lines; and
- 265 (i) Multipurpose buildings.

266 (4) (a) The special sales tax authorized by this section  
267 shall be collected by the State Tax Commission, shall be accounted  
268 for separately from the amount of sales tax collected for the  
269 state in the county and shall be paid to the county in which  
270 collected. The State Tax Commission may retain three percent (3%)  
271 of the proceeds of such tax for the purpose of defraying the costs  
272 incurred by the commission in the collection of the tax. Payments  
273 to the counties shall be made by the State Tax Commission on or  
274 before the fifteenth day of the month following the month in which  
275 the tax was collected.

276 (b) The proceeds of the special sales tax shall be  
277 placed into a separate fund apart from the county general fund and  
278 any other funds of the county, and shall be expended by the county



279 solely for the purpose of paying any indebtedness or other  
280 obligation incurred or that may be incurred by the county for the  
281 capital projects specified in the resolution ordering the  
282 referendum.

283           (c) All provisions of the Mississippi Sales Tax Law  
284 applicable to filing of returns, discounts to the taxpayer,  
285 remittances to the State Tax Commission, enforced collection,  
286 rights of taxpayers, recovery of improper taxes, refunds of  
287 overpaid taxes or other provisions of law providing for imposition  
288 and collection of the state sales tax shall apply to the special  
289 sales tax authorized by this section, except where there is a  
290 conflict, in which case the provisions of this section shall  
291 control. Any damages, penalties or interest collected for the  
292 nonpayment of taxes imposed under this section, or for  
293 noncompliance with the provisions of this section, shall be paid  
294 to the county in which such damages, penalties or interest were  
295 collected on the same basis and in the same manner as the tax  
296 proceeds. Any overpayment of tax for any reason that has been  
297 disbursed to any county or any payment of the tax to any county in  
298 error may be adjusted by the State Tax Commission on any  
299 subsequent payment to the county involved pursuant to the  
300 provisions of the Mississippi Sales Tax Law. The State Tax  
301 Commission may, from time to time, make such rules and regulations  
302 not inconsistent with this section as may be deemed necessary to  
303 carry out the provisions of this section, and such rules and  
304 regulations shall have the full force and effect of law.

305           (d) The special sales tax shall be discontinued by the  
306 board of supervisors of the county on the first day of the month  
307 immediately succeeding the date any indebtedness, including  
308 interest, incurred by the county for projects is retired, or in  
309 the event the county incurs no indebtedness, the first day of the  
310 month after all obligations for the projects have been paid. Any  
311 amount remaining in the separate fund containing the proceeds of

312 the special sales tax not necessary to retire the debt or pay any  
313 other obligations, shall be transferred to the county general  
314 fund.

315 (e) The board of supervisors of a county may not impose  
316 a special sales tax under this section on sales that are subject  
317 to any tax levied and collected (before the date a resolution is  
318 adopted under subsection (2) of this section) under the authority  
319 of a local and private law of the State of Mississippi, and which  
320 tax is collected and paid to the State Tax Commission in the same  
321 or similar manner that state sales taxes are collected and paid.

322 (f) If the board of supervisors of a county imposes a  
323 special sales tax under this section and a municipality annexes a  
324 part of the county, the special sales tax shall continue to be  
325 imposed in the annexed area until the board of supervisors  
326 discontinues the tax as provided in paragraph (d) of this  
327 subsection.

328 (g) If the board of supervisors of a county imposes a  
329 special sales tax under this section, and a municipality within  
330 the county that is not imposing a special sales tax under Section  
331 1 of this act contracts its municipal corporate boundaries, the  
332 board of supervisors of the county may not impose a special sales  
333 tax in the de-annexed area unless the tax is approved at a  
334 referendum conducted, as far as is practicable, in the manner  
335 provided in subsection (2) of this section, except that only  
336 qualified electors in the de-annexed area may vote in such  
337 referendum.

338 (h) In no event may the tax levied by this subsection  
339 when added to any other tax levied by Section 1, 3 or 4 of this  
340 act exceed the rate of one percent (1%) of the gross proceeds of  
341 sales or gross income of businesses, as the case may be, derived  
342 from any of the activities taxed at the rate of seven percent (7%)  
343 or more under the Mississippi Sales Tax Law, Section 27-65-1 et  
344 seq.

345 (5) The board of supervisors of any county that levies a  
346 special sales tax pursuant to this section may incur indebtedness  
347 of the county in an aggregate principal amount that is not in  
348 excess of an amount for which debt service is capable of being  
349 funded by the proceeds of the special sales tax levied pursuant to  
350 this section. The indebtedness authorized by this subsection  
351 shall not be considered when computing any limitation of  
352 indebtedness of the county established by law.

353 **SECTION 3.** (1) Subject to the provisions of this section,  
354 the board of supervisors of any county that does not contain  
355 within such county a municipality with corporate boundaries also  
356 located in one or more other counties may, with the agreement of  
357 the governing authorities of all municipalities in the county,  
358 impose upon all persons as a privilege for engaging or continuing  
359 in business or doing business within such county (including the  
360 corporate boundaries of any municipality within the county), a  
361 special sales tax at the rate of not more than one percent (1%) of  
362 the gross proceeds of sales or gross income of the business, as  
363 the case may be, derived from any of the activities taxed at the  
364 rate of seven percent (7%) or more under the Mississippi Sales Tax  
365 Law, Section 27-65-1 et seq. The tax levied under this section  
366 shall apply to every person making sales, delivery or  
367 installations of tangible personal property or services within any  
368 county which has adopted the levy herein authorized but shall not  
369 apply to sales exempted by Sections 27-65-19, 27-65-101,  
370 27-65-103, 27-65-105, 27-65-107, 27-65-109 and 27-65-111 of the  
371 Mississippi Sales Tax Law.

372 (2) Before any tax authorized under this section may be  
373 imposed, the board of supervisors of the county shall adopt a  
374 resolution declaring its intention to levy the taxes, setting  
375 forth the amount of the tax to be imposed, the capital project for  
376 which the revenue collected pursuant to the tax levy may be used  
377 and expended, the date upon which the tax shall become effective

378 and calling for a referendum to be held on the question; however,  
379 the board of supervisors may call a referendum only after entering  
380 into a joint agreement with the governing authorities of each  
381 municipality in the county consenting to the calling of a  
382 countywide referendum on the question of the special sales tax  
383 levy. The date of the referendum shall be set in the resolution.  
384 Notice of the referendum shall be published once each week for at  
385 least three (3) consecutive weeks in a newspaper published or  
386 having a general circulation in the county, with the first  
387 publication of the notice to be made not less than twenty-one (21)  
388 days before the date fixed in the resolution for the referendum  
389 and the last publication to be made not more than seven (7) days  
390 before the referendum. At the referendum, all qualified electors  
391 of the county may vote. The ballots used at the referendum shall  
392 have printed thereon a brief description of the sales tax, the  
393 amount of the sales tax levy, a description of the projects for  
394 which the tax revenue may be used and expended and the words "FOR  
395 THE LOCAL SALES TAX" and "AGAINST THE LOCAL SALES TAX" and the  
396 voter shall vote by placing a cross (X) or check mark (✓) opposite  
397 his choice on the proposition. When the results of the referendum  
398 have been canvassed by the election commissioners of the county  
399 and certified by them to the board of supervisors, it shall be the  
400 duty of the board of supervisors to determine and adjudicate  
401 whether at least three-fifths (3/5) of the qualified electors who  
402 voted in the referendum voted in favor of the tax. If at least  
403 three-fifths (3/5) of the qualified electors who voted in the  
404 referendum voted in favor of the tax, the board of supervisors  
405 shall adopt a resolution declaring the levy and collection of the  
406 tax provided in this section and shall set the first day of the  
407 second month following the date of such adoption as the effective  
408 date of the tax levy. A certified copy of this resolution,  
409 together with the result of the referendum, shall be furnished to

410 the State Tax Commission not less than thirty (30) days before the  
411 effective date of the levy.

412 (3) The capital projects for which the revenue collected  
413 pursuant to the tax levy imposed under this section may be used  
414 and expended shall include, but not be limited to, the following:

- 415 (a) Recreational complexes;
- 416 (b) Senior centers;
- 417 (c) Community centers;
- 418 (d) Auditoriums;
- 419 (e) Libraries;
- 420 (f) Major street projects;
- 421 (g) Water and sewage systems;
- 422 (h) Gas lines; and
- 423 (i) Multipurpose buildings.

424 (4) (a) The special sales tax authorized by this section  
425 shall be collected by the State Tax Commission, shall be accounted  
426 for separately from the amount of sales tax collected for the  
427 state in the county and shall be paid to the county in which  
428 collected. The State Tax Commission may retain three percent (3%)  
429 of the proceeds of such tax for the purpose of defraying the costs  
430 incurred by the commission in the collection of the tax. Payments  
431 to the counties shall be made by the State Tax Commission on or  
432 before the fifteenth day of the month following the month in which  
433 the tax was collected.

434 (b) The proceeds of the special sales tax shall be  
435 placed into a separate fund apart from the county general fund and  
436 any other funds of the county, and shall be expended by the county  
437 solely for the purpose of paying any indebtedness or other  
438 obligation incurred or that may be incurred by the county for the  
439 capital projects specified in the resolution ordering the  
440 referendum.

441 (c) All provisions of the Mississippi Sales Tax Law  
442 applicable to filing of returns, discounts to the taxpayer,

443 remittances to the State Tax Commission, enforced collection,  
444 rights of taxpayers, recovery of improper taxes, refunds of  
445 overpaid taxes or other provisions of law providing for imposition  
446 and collection of the state sales tax shall apply to the special  
447 sales tax authorized by this section, except where there is a  
448 conflict, in which case the provisions of this section shall  
449 control. Any damages, penalties or interest collected for the  
450 nonpayment of taxes imposed under this section, or for  
451 noncompliance with the provisions of this section, shall be paid  
452 to the county in which such damages, penalties or interest were  
453 collected on the same basis and in the same manner as the tax  
454 proceeds. Any overpayment of tax for any reason that has been  
455 disbursed to any county or any payment of the tax to any county in  
456 error may be adjusted by the State Tax Commission on any  
457 subsequent payment to the county involved pursuant to the  
458 provisions of the Mississippi Sales Tax Law. The State Tax  
459 Commission may, from time to time, make such rules and regulations  
460 not inconsistent with this section as may be deemed necessary to  
461 carry out the provisions of this section, and such rules and  
462 regulations shall have the full force and effect of law.

463           (d) The special sales tax shall be discontinued by the  
464 board of supervisors of the county on the first day of the month  
465 immediately succeeding the date any indebtedness, including  
466 interest, incurred by the county for the capital projects is  
467 retired, or in the event the county incurs no indebtedness, the  
468 first day of the month after all obligations for the capital  
469 projects have been paid. Any amount remaining in the separate  
470 fund containing the proceeds of the special sales tax not  
471 necessary to retire the debt or pay any other obligations, shall  
472 be transferred to the county general fund.

473           (e) The board of supervisors of a county may not impose  
474 a special sales tax under this section on sales that are subject  
475 to any tax levied and collected (before the date a resolution is

476 adopted under subsection (2) of this section) under the authority  
477 of a local and private law of the State of Mississippi, and which  
478 tax is collected and paid to the State Tax Commission in the same  
479 or similar manner that state sales taxes are collected and paid.

480 (f) In no event may the tax levied by this subsection  
481 when added to any other tax levied by Section 1, 2 or 4 of this  
482 act exceed the rate of one percent (1%) of the gross proceeds of  
483 sales or gross income of businesses, as the case may be, derived  
484 from any of the activities taxed at the rate of seven percent (7%)  
485 or more under the Mississippi Sales Tax Law, Section 27-65-1 et  
486 seq.

487 (5) The board of supervisors of any county that levies a  
488 special sales tax pursuant to this section may incur indebtedness  
489 of the county in an aggregate principal amount that is not in  
490 excess of an amount for which debt service is capable of being  
491 funded by the proceeds of the special sales tax levied pursuant to  
492 this section. The indebtedness authorized by this subsection  
493 shall not be considered when computing any limitation of  
494 indebtedness of the county established by law.

495 **SECTION 4.** (1) Subject to the provisions of this section,  
496 the board of supervisors of any county that contains within such  
497 county any municipality with corporate boundaries also located  
498 within one or more other counties may impose upon all persons as a  
499 privilege for engaging or continuing in business or doing business  
500 within such county (including the corporate boundaries of any  
501 municipality located within the county and such other county or  
502 counties and including the corporate boundaries of any  
503 municipality located completely within the county), a special  
504 sales tax at the rate of not more than one percent (1%) of the  
505 gross proceeds of sales or gross income of the business, as the  
506 case may be, derived from any of the activities taxed at the rate  
507 of seven percent (7%) or more under the Mississippi Sales Tax Law,  
508 Section 27-65-1 et seq. The tax levied under this section shall

509 apply to every person making sales, delivery or installations of  
510 tangible personal property or services but shall not apply to  
511 sales exempted by Sections 27-65-19, 27-65-101, 27-65-103,  
512 27-65-105, 27-65-107, 27-65-109 and 27-65-111 of the Mississippi  
513 Sales Tax Law.

514 (2) Before any tax authorized under this section may be  
515 imposed, the board of supervisors of the county shall adopt a  
516 resolution declaring its intention to levy the taxes, setting  
517 forth the amount of the tax to be imposed, the capital project for  
518 which the revenue collected pursuant to the tax levy may be used  
519 and expended, the date upon which the tax shall become effective  
520 and calling for a referendum to be held on the question. Before a  
521 referendum may be called on the question of the special sales tax  
522 levy, a joint agreement must be entered into by the board of  
523 supervisors of the county proposing to levy the special sales tax  
524 ("initiating county"), the governing authorities of each  
525 municipality with corporate boundaries located within the  
526 initiating county and also located within one or more other  
527 counties and in which municipality the board of supervisors of the  
528 initiating county proposes to levy the tax, and the board of  
529 supervisors of all other counties in which the corporate  
530 boundaries of any such municipality located within the initiating  
531 county also are located, consenting to the calling of a referendum  
532 in each of the counties in which the municipal corporate  
533 boundaries of any such municipality are located. However, the  
534 board of supervisors of the initiating county may propose to  
535 exclude one or more municipalities with corporate boundaries  
536 located within the county and also located within one or more  
537 other counties from the special sales tax levy and, in such case,  
538 it shall not be necessary for the other county or counties in  
539 which the corporate boundaries of an excluded municipality are  
540 located to enter into the joint agreement before a referendum may  
541 be called. The special sales tax may not be levied within the



542 corporate boundaries of such an excluded municipality regardless  
543 of the results of a referendum. The date of the referendum shall  
544 be set in the resolution. Notice of the referendum shall be  
545 published once each week for at least three (3) consecutive weeks  
546 in a newspaper published or having a general circulation in the  
547 county, with the first publication of the notice to be made not  
548 less than twenty-one (21) days before the date fixed in the  
549 resolution for the referendum and the last publication to be made  
550 not more than seven (7) days before the referendum. At the  
551 referendum, all qualified electors of the county may vote. The  
552 ballots used at the referendum shall have printed thereon a brief  
553 description of the sales tax, the amount of the sales tax levy, a  
554 description of the projects for which the tax revenue may be used  
555 and expended and the words "FOR THE LOCAL SALES TAX" and "AGAINST  
556 THE LOCAL SALES TAX" and the voter shall vote by placing a cross  
557 (X) or check mark (✓) opposite his choice on the proposition.  
558 When the results of the referendum have been canvassed by the  
559 election commissioners of the county and certified by them to the  
560 board of supervisors, it shall be the duty of the board of  
561 supervisors to determine and adjudicate whether at least  
562 three-fifths (3/5) of the qualified electors who voted in the  
563 referendum voted in favor of the tax. If at least three-fifths  
564 (3/5) of the qualified electors who voted in the referendum voted  
565 in favor of the tax, the board of supervisors shall adopt a  
566 resolution declaring the levy and collection of the tax provided  
567 in this section and shall set the first day of the second month  
568 following the date of such adoption as the effective date of the  
569 tax levy. A certified copy of this resolution, together with the  
570 result of the referendum, shall be furnished to the State Tax  
571 Commission not less than thirty (30) days before the effective  
572 date of the levy.

573           (3) The capital projects for which the revenue collected  
574 pursuant to the tax levy imposed under this section may be used  
575 and expended shall include, but not be limited to, the following:

- 576           (a) Recreational complexes;
- 577           (b) Senior centers;
- 578           (c) Community centers;
- 579           (d) Auditoriums;
- 580           (e) Libraries;
- 581           (f) Major street projects;
- 582           (g) Water and sewage systems;
- 583           (h) Gas lines; and
- 584           (i) Multipurpose buildings.

585           (4) (a) The special sales tax authorized by this section  
586 shall be collected by the State Tax Commission, shall be accounted  
587 for separately from the amount of sales tax collected for the  
588 state in the county and shall be paid to the county in which  
589 collected. The State Tax Commission may retain three percent (3%)  
590 of the proceeds of such tax for the purpose of defraying the costs  
591 incurred by the commission in the collection of the tax. Payments  
592 to the counties shall be made by the State Tax Commission on or  
593 before the fifteenth day of the month following the month in which  
594 the tax was collected.

595           (b) The proceeds of the special sales tax shall be  
596 placed into a separate fund apart from the county general fund and  
597 any other funds of the county, and shall be expended by the county  
598 solely for the purpose of paying any indebtedness or other  
599 obligation incurred or that may be incurred by the county for the  
600 capital projects specified in the resolution ordering the  
601 referendum.

602           (c) All provisions of the Mississippi Sales Tax Law  
603 applicable to filing of returns, discounts to the taxpayer,  
604 remittances to the State Tax Commission, enforced collection,  
605 rights of taxpayers, recovery of improper taxes, refunds of

606 overpaid taxes or other provisions of law providing for imposition  
607 and collection of the state sales tax shall apply to the special  
608 sales tax authorized by this section, except where there is a  
609 conflict, in which case the provisions of this section shall  
610 control. Any damages, penalties or interest collected for the  
611 nonpayment of taxes imposed under this section, or for  
612 noncompliance with the provisions of this section, shall be paid  
613 to the county in which such damages, penalties or interest were  
614 collected on the same basis and in the same manner as the tax  
615 proceeds. Any overpayment of tax for any reason that has been  
616 disbursed to any county or any payment of the tax to any county in  
617 error may be adjusted by the State Tax Commission on any  
618 subsequent payment to the county involved pursuant to the  
619 provisions of the Mississippi Sales Tax Law. The State Tax  
620 Commission may, from time to time, make such rules and regulations  
621 not inconsistent with this section as may be deemed necessary to  
622 carry out the provisions of this section, and such rules and  
623 regulations shall have the full force and effect of law.

624 (d) The special sales tax shall be discontinued by the  
625 board of supervisors of the county on the first day of the month  
626 immediately succeeding the date any indebtedness, including  
627 interest, incurred by the county for the capital projects is  
628 retired, or in the event the county incurs no indebtedness, the  
629 first day of the month after all obligations for the capital  
630 projects have been paid. Any amount remaining in the separate  
631 fund containing the proceeds of the special sales tax not  
632 necessary to retire the debt or pay any other obligations, shall  
633 be transferred to the county general fund.

634 (e) The board of supervisors of a county may not impose  
635 a special sales tax under this section on sales that are subject  
636 to any tax levied and collected (before the date a resolution is  
637 adopted under subsection (2) of this section) under the authority  
638 of a local and private law of the State of Mississippi, and

639 collected and paid to the State Tax Commission in the same or  
640 similar manner that state sales taxes are collected and paid.

641 (f) In no event may the tax levied by this subsection  
642 when added to any other tax levied by Section 1, 2 or 3 of this  
643 act exceed the rate of one percent (1%) of the gross proceeds of  
644 sales or gross income of businesses, as the case may be, derived  
645 from any of the activities taxed at the rate of seven percent (7%)  
646 or more under the Mississippi Sales Tax Law, Section 27-65-1 et  
647 seq.

648 (5) The board of supervisors of any county that levies a  
649 special sales tax pursuant to this section may incur indebtedness  
650 of the county in an aggregate principal amount that is not in  
651 excess of an amount for which debt service is capable of being  
652 funded by the proceeds of the special sales tax levied pursuant to  
653 this section. The indebtedness authorized by this subsection  
654 shall not be considered when computing any limitation of  
655 indebtedness of the county established by law.

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

658 21-33-303. No municipality shall hereafter issue bonds  
659 secured by a pledge of its full faith and credit for the purposes  
660 authorized by law in an amount which, when added to the then  
661 outstanding bonded indebtedness of such municipality, shall exceed  
662 either (a) fifteen percent (15%) of the assessed value of the  
663 taxable property within such municipality, according to the last  
664 completed assessment for taxation, or (b) ten percent (10%) of the  
665 assessment upon which taxes were levied for its fiscal year ending  
666 September 30, 1984, whichever is greater. In computing such  
667 indebtedness, there may be deducted all bonds or other evidences  
668 of indebtedness, heretofore or hereafter issued, for school,  
669 water, sewerage systems, gas, and light and power purposes and for  
670 the construction of special improvements primarily chargeable to  
671 the property benefited, or for the purpose of paying the

672 municipality's proportion of any betterment program, a portion of  
673 which is primarily chargeable to the property benefited. However,  
674 in no case shall any municipality contract any indebtedness which,  
675 when added to all of the outstanding general obligation  
676 indebtedness, both bonded and floating, shall exceed either (a)  
677 twenty percent (20%) of the assessed value of all taxable property  
678 within such municipality according to the last completed  
679 assessment for taxation or (b) fifteen percent (15%) of the  
680 assessment upon which taxes were levied for its fiscal year ending  
681 September 30, 1984, whichever is greater. Nothing herein  
682 contained shall be construed to apply to contract obligations in  
683 any form heretofore or hereafter incurred by any municipality  
684 which are subject to annual appropriations therefor, or to bonds  
685 heretofore issued by any municipality for school purposes, or to  
686 contract obligations in any form heretofore or hereafter incurred  
687 by any municipality which are payable exclusively from the  
688 revenues of any municipally-owned utility, or to bonds issued by  
689 any municipality under the provisions of Sections 57-1-1 through  
690 57-1-51, or to any special assessment improvement bonds issued by  
691 any municipality under the provisions of Sections 21-41-1 through  
692 21-41-53, or to any indebtedness incurred under Section 55-23-8,  
693 or to any indebtedness incurred under Section 1 of House Bill  
694 No. 1687, 2005 Regular Session.

695 All bonds issued prior to July 1, 1990, pursuant to this  
696 chapter by any municipality for the purpose of the constructing,  
697 replacing, renovating or improving wastewater collection and  
698 treatment facilities in order to comply with an administrative  
699 order of the Mississippi Department of Natural Resources issued  
700 pursuant to the Federal Water Pollution Control Act and amendments  
701 thereto, are hereby exempt from the limitation imposed by this  
702 section if the governing body of the municipality adopts an order,  
703 resolution or ordinance to the effect that the rates paid by the  
704 users of such facilities shall be increased to the extent

705 necessary to provide sufficient funds for the payment of the  
706 principal of and interest on such bonds as each respectively  
707 becomes due and payable as well as the necessary expenses in  
708 connection with the operation and maintenance of such facilities.

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

711 19-9-5. No county shall hereafter issue bonds secured by a  
712 pledge of its full faith and credit for the purposes authorized by  
713 law in an amount which, when added to the then outstanding bonds  
714 of such county, shall exceed either (a) fifteen percent (15%) of  
715 the assessed value of the taxable property within such county  
716 according to the last completed assessment for taxation, or (b)  
717 fifteen percent (15%) of the assessment upon which taxes were  
718 levied for its fiscal year ending September 30, 1984, whichever is  
719 greater.

720 However, any county in the state which shall have experienced  
721 washed-out or collapsed bridges on the public roads of the county  
722 for any cause or reason may hereafter issue bonds for bridge  
723 purposes as now authorized by law in an amount which, when added  
724 to the then outstanding general obligation bonds of such county,  
725 shall not exceed either (a) twenty percent (20%) of the assessed  
726 value of the taxable property within such county according to the  
727 last completed assessment for taxation or (b) fifteen percent  
728 (15%) of the assessment upon which taxes were levied for its  
729 fiscal year ending September 30, 1984, whichever is greater.

730 Provided further, in computing such indebtedness, there may  
731 be deducted all bonds or other evidences of indebtedness  
732 heretofore or hereafter issued, for the construction of hospitals,  
733 ports or other capital improvements which are payable primarily  
734 from the net revenue to be generated from such hospital, port or  
735 other capital improvement, which revenue shall be pledged to the  
736 retirement of such bonds or other evidences of indebtedness,  
737 together with the full faith and credit of the county. However,

738 in no case shall any county contract any indebtedness payable in  
739 whole or in part from proceeds of ad valorem taxes which, when  
740 added to all of the outstanding general obligation indebtedness,  
741 both bonded and floating, shall exceed either (a) twenty percent  
742 (20%) of the assessed value of all taxable property within such  
743 county according to the last completed assessment for taxation, or  
744 (b) fifteen percent (15%) of the assessment upon which taxes were  
745 levied for its fiscal year ending September 30, 1984, whichever is  
746 greater. Nothing herein contained shall be construed to apply to  
747 contract obligations in any form heretofore or hereafter incurred  
748 by any county which are subject to annual appropriations therefor,  
749 or to bonds heretofore or hereafter issued by any county for  
750 school purposes, or to bonds issued by any county under the  
751 provisions of Sections 57-1-1 through 57-1-51, or to any  
752 indebtedness incurred under Section 55-23-8, or to any  
753 indebtedness incurred under Section 2, 3 or 4 of House Bill No.  
754 1687, 2005 Regular Session.

755 **SECTION 7.** It is the intent of the Legislature that the  
756 amount of state general funds appropriated to the State Tax  
757 Commission shall not be reduced because of funds collected by the  
758 commission under Sections 1, 2, 3 and/or 4 of this act.

759 **SECTION 8.** Sections 1 through 4 of this act shall be known  
760 and may be cited as the "Mississippi Optional Sales Tax Act."

761 **SECTION 9.** The Attorney General of the State of Mississippi  
762 shall submit this act, immediately upon approval by the Governor,  
763 or upon approval by the Legislature subsequent to a veto, to the  
764 Attorney General of the United States or to the United States  
765 District Court for the District of Columbia in accordance with the  
766 provisions of the Voting Rights Act of 1965, as amended and  
767 extended.

768 **SECTION 10.** This act shall take effect and be in force from  
769 and after the date it is effectuated under Section 5 of the Voting  
770 Rights Act of 1965, as amended and extended.