

By: Senator(s) Burton

To: Finance

SENATE BILL NO. 3043

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 act may be imposed,
65 the governing authorities of the city shall adopt a resolution
66 declaring its intention to levy the taxes, setting forth the
67 amount of the tax to be imposed, the capital project for which the
68 revenue collected pursuant to the tax levy may be used and
69 expended, the date upon which the tax shall become effective and
70 calling for a referendum to be held on the question. The date of
71 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 act may be imposed,
219 the board of supervisors of the county shall adopt a resolution
220 declaring its intention to levy the taxes, setting forth the
221 amount of the tax to be imposed, the capital project for which the
222 revenue collected pursuant to the tax levy may be used and
223 expended, the date upon which the tax shall become effective and
224 calling for a referendum to be held on the question. The date of
225 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 governing authorities
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 act may be imposed,
373 the board of supervisors of the county shall adopt a resolution
374 declaring its intention to levy the taxes, setting forth the
375 amount of the tax to be imposed, the capital project for which the
376 revenue collected pursuant to the tax levy may be used and
377 expended, the date upon which the tax shall become effective and

378 calling for a referendum to be held on the question; however, the
379 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 governing authorities
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 act may be imposed,
515 the board of supervisors of the county shall adopt a resolution
516 declaring its intention to levy the taxes, setting forth the
517 amount of the tax to be imposed, the capital project for which the
518 revenue collected pursuant to the tax levy may be used and
519 expended, the date upon which the tax shall become effective and
520 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 governing authorities 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 Senate Bill
694 No. 3043, 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 Senate Bill No.
754 3043, 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.