

By: Representative Brown

To: Ways and Means

HOUSE BILL NO. 311

1 AN ACT TO AMEND SECTION 31-7-10, MISSISSIPPI CODE OF 1972, TO
 2 AUTHORIZE THE DEPARTMENT OF FINANCE AND ADMINISTRATION TO DEVELOP
 3 A MASTER LEASE-PURCHASE PROGRAM FOR COUNTIES AND MUNICIPALITIES
 4 AND, PURSUANT TO THAT PROGRAM, EXECUTE ON BEHALF OF COUNTIES AND
 5 MUNICIPALITIES MASTER LEASE-PURCHASE AGREEMENTS FOR EQUIPMENT TO
 6 BE USED BY THE COUNTIES AND MUNICIPALITIES; TO AMEND SECTION
 7 27-33-77, MISSISSIPPI CODE OF 1972, TO AUTHORIZE COUNTIES AND
 8 MUNICIPALITIES TO PLEDGE AMOUNTS APPROPRIATED FOR HOMESTEAD
 9 EXEMPTION REIMBURSEMENT AS SECURITY FOR SUMS DUE UNDER THE MASTER
 10 LEASE-PURCHASE PROGRAM; TO AMEND SECTION 27-51-107, MISSISSIPPI
 11 CODE OF 1972, TO AUTHORIZE A COUNTY TO PLEDGE FUNDS DUE TO BE PAID
 12 TO IT FROM THE MOTOR VEHICLE AD VALOREM TAX REDUCTION FUND AS
 13 SECURITY FOR SUMS DUE UNDER THE MASTER LEASE-PURCHASE PROGRAM; TO
 14 PROVIDE THAT UPON NOTIFICATION BY THE EXECUTIVE DIRECTOR OF THE
 15 DEPARTMENT OF FINANCE AND ADMINISTRATION OF A COUNTY'S DELINQUENCY
 16 UNDER THE MASTER LEASE-PURCHASE PROGRAM, THE STATE TAX COMMISSION
 17 SHALL HALT SUCH PAYMENTS TO THE COUNTY AND PAY THE COUNTY'S SHARE
 18 OF SUCH PAYMENTS TO THE DEPARTMENT OF FINANCE AND ADMINISTRATION
 19 UNTIL SUCH TIME AS THE AMOUNT DUE UNDER THE MASTER LEASE-PURCHASE
 20 PROGRAM IS SATISFIED; TO AMEND SECTION 27-65-75, MISSISSIPPI CODE
 21 OF 1972, TO AUTHORIZE A MUNICIPALITY TO PLEDGE SALES TAX REVENUE
 22 ALLOCATED TO IT AS SECURITY FOR SUMS DUE UNDER THE MASTER
 23 LEASE-PURCHASE PROGRAM AND TO PROVIDE THAT UPON NOTIFICATION BY
 24 THE EXECUTIVE DIRECTOR OF THE DEPARTMENT OF FINANCE AND
 25 ADMINISTRATION OF A MUNICIPALITY'S DELINQUENCY UNDER THE MASTER
 26 LEASE-PURCHASE PROGRAM, THE STATE TAX COMMISSION SHALL HALT SUCH
 27 PAYMENTS TO THE MUNICIPALITY AND MAKE SUCH PAYMENTS TO THE
 28 DEPARTMENT OF FINANCE AND ADMINISTRATION UNTIL SUCH TIME AS THE
 29 AMOUNT DUE UNDER THE MASTER LEASE-PURCHASE PROGRAM IS SATISFIED;
 30 AND FOR RELATED PURPOSES.

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

32 **SECTION 1.** Section 31-7-10, Mississippi Code of 1972, is
 33 amended as follows:

34 31-7-10. (1) For the purposes of this section, the term
 35 "equipment" shall mean equipment, furniture, and if applicable,
 36 associated software and other applicable direct costs associated
 37 with the acquisition. In addition to its other powers and duties,
 38 the Department of Finance and Administration shall have the
 39 authority to develop a master lease-purchase program and, pursuant
 40 to that program, shall have the authority to execute on behalf of
 41 the state master lease-purchase agreements for equipment to be

42 used by an agency, as provided in this section. Each agency
43 electing to acquire equipment by a lease-purchase agreement shall
44 participate in the Department of Finance and Administration's
45 master lease-purchase program, unless the Department of Finance
46 and Administration makes a determination that such equipment
47 cannot be obtained under the program or unless the equipment can
48 be obtained elsewhere at an overall cost lower than that for which
49 the equipment can be obtained under the program. Such
50 lease-purchase agreements may include the refinancing or
51 consolidation, or both, of any state agency lease-purchase
52 agreements entered into after June 30, 1990.

53 (2) All funds designated by agencies for procurement of
54 equipment and financing thereof under the master lease-purchase
55 program shall be paid into a special fund created in the State
56 Treasury known as the "Master Lease-Purchase Program Fund," which
57 shall be used by the Department of Finance and Administration for
58 payment to the lessors for equipment acquired under master
59 lease-purchase agreements.

60 (3) Upon final approval of an appropriation bill, each
61 agency shall submit to the Public Procurement Review Board a
62 schedule of proposed equipment acquisitions for the master
63 lease-purchase program. Upon approval of an equipment schedule by
64 the Public Procurement Review Board with the advice of the
65 Department of Information Technology Services, the Office of
66 Purchasing and Travel, and the Division of Energy and
67 Transportation of the Mississippi Development Authority as it
68 pertains to energy efficient climate control systems, the Public
69 Procurement Review Board shall forward a copy of the equipment
70 schedule to the Department of Finance and Administration.

71 (4) The level of lease-purchase debt recommended by the
72 Department of Finance and Administration shall be subject to
73 approval by the State Bond Commission. After such approval, the
74 Department of Finance and Administration shall be authorized to

75 advertise and solicit written competitive proposals for a lessor,
76 who will purchase the equipment pursuant to bid awards made by the
77 using agency under a given category and then transfer the
78 equipment to the Department of Finance and Administration as
79 lessee, pursuant to a master lease-purchase agreement.

80 The Department of Finance and Administration shall select the
81 successful proposer for the financing of equipment under the
82 master lease-purchase program with the approval of the State Bond
83 Commission.

84 (5) Each master lease-purchase agreement, and any subsequent
85 amendments, shall include such terms and conditions as the State
86 Bond Commission shall determine to be appropriate and in the
87 public interest, and may include any covenants deemed necessary or
88 desirable to protect the interests of the lessor, including, but
89 not limited to, provisions setting forth the interest rate (or
90 method for computing interest rates) for financing pursuant to
91 such agreement, covenants concerning application of payments and
92 funds held in the Master Lease-Purchase Program Fund, covenants to
93 maintain casualty insurance with respect to equipment subject to
94 the master lease-purchase agreement (and all state agencies are
95 specifically authorized to purchase any insurance required by a
96 master lease-purchase agreement) and covenants precluding or
97 limiting the right of the lessee or user to acquire equipment
98 within a specified time (not to exceed five (5) years) after
99 cancellation on the basis of a failure to appropriate funds for
100 payment of amounts due under a lease-purchase agreement covering
101 comparable equipment. The State Bond Commission shall transmit
102 copies of each such master lease-purchase agreement and each such
103 amendment to the Joint Legislative Budget Committee. To the
104 extent provided in any master lease-purchase agreement, title to
105 equipment leased pursuant thereto shall be deemed to be vested in
106 the state or the user of the equipment (as specified in such

107 master lease-purchase agreement), subject to default under or
108 termination of such master lease-purchase agreement.

109 A master lease-purchase agreement may provide for payment by
110 the lessor to the lessee of the purchase price of the equipment to
111 be acquired pursuant thereto prior to the date on which payment is
112 due to the vendor for such equipment and that the lease payments
113 by the lessee shall commence as though the equipment had been
114 provided on the date of payment. If the lessee, or lessee's
115 escrow agent, has sufficient funds for payment of equipment
116 purchases prior to payment due date to vendor of equipment, such
117 funds shall be held or utilized on an as-needed basis for payment
118 of equipment purchases either by the State Treasurer (in which
119 event the master lease-purchase agreement may include provisions
120 concerning the holding of such funds, the creation of a security
121 interest for the benefit of the lessor in such funds until
122 disbursed and other appropriate provisions approved by the Bond
123 Commission) or by a corporate trustee selected by the Department
124 of Finance and Administration (in which event the Department of
125 Finance and Administration shall have the authority to enter into
126 an agreement with such a corporate trustee containing terms and
127 conditions approved by the Bond Commission). Earnings on any
128 amount paid by the lessor prior to the acquisition of the
129 equipment may be used to make lease payments under the master
130 lease-purchase agreement or applied to pay costs and expenses
131 incurred in connection with such lease-purchase agreement. In
132 such event, the equipment use agreements with the user agency may
133 provide for lease payments to commence upon the date of payment by
134 the lessor and may also provide for a credit against such payments
135 to the extent that investment receipts from investment of the
136 purchase price are to be used to make lease-purchase payments.

137 (6) The annual rate of interest paid under any
138 lease-purchase agreement authorized under this section shall not

139 exceed the maximum interest rate to maturity on general obligation
140 indebtedness permitted under Section 75-17-101.

141 (7) The Department of Finance and Administration shall
142 furnish the equipment to the various agencies, also known as the
143 user, pursuant to an equipment-use agreement developed by the
144 Department of Finance and Administration. Such agreements shall
145 require that all monthly payments due from such agency be paid,
146 transferred or allocated into the Master Lease-Purchase Program
147 Fund pursuant to a schedule established by the Department of
148 Finance and Administration. In the event such sums are not paid
149 by the defined payment period, the Executive Director of the
150 Department of Finance and Administration shall issue a requisition
151 for a warrant to draw such amount as may be due from any funds
152 appropriated for the use of the agency which has failed to make
153 the payment as agreed.

154 (8) All master lease-purchase agreements executed under the
155 authority of this section shall contain the following annual
156 allocation dependency clause or an annual allocation dependency
157 clause which is substantially equivalent thereto: "The
158 continuation of each equipment schedule to this agreement is
159 contingent in whole or in part upon the appropriation of funds by
160 the Legislature to make the lease-purchase payments required under
161 such equipment schedule. If the Legislature fails to appropriate
162 sufficient funds to provide for the continuation of the
163 lease-purchase payments under any such equipment schedule, then
164 the obligations of the lessee and of the agency to make such
165 lease-purchase payments and the corresponding provisions of any
166 such equipment schedule to this agreement shall terminate on the
167 last day of the fiscal year for which appropriations were made."

168 (9) The maximum lease term for any equipment acquired under
169 the master lease-purchase program shall not exceed the useful life
170 of such equipment as determined according to the upper limit of
171 the asset depreciation range (ADR) guidelines for the Class Life

172 Asset Depreciation Range System established by the Internal
173 Revenue Service pursuant to the United States Internal Revenue
174 Code and Regulations thereunder as in effect on December 31, 1980,
175 or comparable depreciation guidelines with respect to any
176 equipment not covered by ADR guidelines. The Department of
177 Finance and Administration shall be deemed to have met the
178 requirements of this subsection if the term of a master
179 lease-purchase agreement does not exceed the weighted average
180 useful life of all equipment covered by such agreement and the
181 schedules thereto as determined by the Department of Finance and
182 Administration. For purposes of this subsection, the "term of a
183 master lease-purchase agreement" shall be the weighted average
184 maturity of all principal payments to be made under such master
185 lease-purchase agreement and all schedules thereto.

186 (10) Interest paid on any master lease-purchase agreement
187 under this section shall be exempt from State of Mississippi
188 income taxation. All equipment, and the purchase thereof by any
189 lessor, acquired under the master lease-purchase program and all
190 lease-purchase payments with respect thereto shall be exempt from
191 all Mississippi sales, use and ad valorem taxes.

192 (11) The Governor, in his annual executive budget to the
193 Legislature, shall recommend appropriations sufficient to provide
194 funds to pay all amounts due and payable during the applicable
195 fiscal year under master lease-purchase agreements entered into
196 pursuant to this section.

197 (12) Any master lease-purchase agreement reciting in
198 substance that such agreement has been entered into pursuant to
199 this section shall be conclusively deemed to have been entered
200 into in accordance with all of the provisions and conditions set
201 forth in this section. Any defect or irregularity arising with
202 respect to procedures applicable to the acquisition of any
203 equipment shall not invalidate or otherwise limit the obligation
204 of the Department of Finance and Administration, or the state or

205 any agency of the state, under any master lease-purchase agreement
206 or any equipment-use agreement.

207 (13) There shall be maintained by the Department of Finance
208 and Administration, with respect to each master lease-purchase
209 agreement, an itemized statement of the cash price, interest
210 rates, interest costs, commissions, debt service schedules and all
211 other costs and expenses paid by the state incident to the
212 lease-purchase of equipment under such agreement.

213 (14) Lease-purchase agreements entered into by the Board of
214 Trustees of State Institutions of Higher Learning pursuant to the
215 authority of Section 37-101-413 or by any other agency which has
216 specific statutory authority other than pursuant to Section
217 31-7-13(e) to acquire equipment by lease-purchase shall not be
218 made pursuant to the master lease-purchase program under this
219 section, unless the Board of Trustees of State Institutions of
220 Higher Learning or such other agency elects to participate as to
221 part or all of its lease-purchase acquisitions in the master
222 lease-purchase program pursuant to this section.

223 (15) The Department of Finance and Administration may
224 develop a master lease-purchase program for school districts and,
225 pursuant to that program, may execute on behalf of the school
226 districts master lease-purchase agreements for equipment to be
227 used by the school districts. The form and structure of this
228 program shall be substantially the same as set forth in this
229 section for the master lease-purchase program for state agencies.
230 If sums due from a school district under the master lease-purchase
231 program are not paid by the expiration of the defined payment
232 period, the Executive Director of the Department of Finance and
233 Administration may withhold such amount that is due from the
234 school district's minimum education or adequate education program
235 fund allotments.

236 (16) The Department of Finance and Administration may
237 develop a master lease-purchase program for community and junior

238 college districts and, pursuant to that program, may execute on
239 behalf of the community and junior college districts master
240 lease-purchase agreements for equipment to be used by the
241 community and junior college districts. The form and structure of
242 this program must be substantially the same as set forth in this
243 section for the master lease-purchase program for state agencies.
244 If sums due from a community or junior college district under the
245 master lease-purchase program are not paid by the expiration of
246 the defined payment period, the Executive Director of the
247 Department of Finance and Administration may withhold an amount
248 equal to the amount due under the program from any funds allocated
249 for that community or junior college district in the state
250 appropriations for the use and support of the community and junior
251 colleges.

252 (17) The Department of Finance and Administration may
253 develop a master lease-purchase program for counties and, pursuant
254 to that program, may execute on behalf of counties master
255 lease-purchase agreements for equipment to be used by the
256 counties. The form and structure of this program must be
257 substantially the same as set forth in this section for the master
258 lease-purchase program for state agencies; however, the Department
259 of Finance and Administration may enter into contracts with other
260 entities to administer the program. The Department of Finance and
261 Administration may charge counties a reasonable fee to pay the
262 costs associated with administering the program. If sums due from
263 a county under the master lease-purchase program are not paid by
264 the expiration of the defined payment period, the Executive
265 Director of the Department of Finance and Administration may:

266 (a) Withhold an amount equal to the amount due under
267 the program from the county's portion of funds in the state
268 appropriations for homestead reimbursement; or

269 (b) Intercept, as provided in Section 27-51-107,
270 payments of the county's share of reimbursement for motor vehicle

271 ad valorem taxes that are lost as a result of the ad valorem tax
272 credit provided for in Section 27-51-103.

273 (18) The Department of Finance and Administration may
274 develop a master lease-purchase program for municipalities and,
275 pursuant to that program, may execute on behalf of municipalities
276 master lease-purchase agreements for equipment to be used by the
277 municipalities. The form and structure of this program must be
278 substantially the same as set forth in this section for the master
279 lease-purchase program for state agencies; however, the Department
280 of Finance and Administration may enter into contracts with other
281 entities to administer the program. The Department of Finance and
282 Administration may charge municipalities a reasonable fee to pay
283 the costs associated with administering the program. If sums due
284 from a municipality under the master lease-purchase program are
285 not paid by the expiration of the defined payment period, the
286 Executive Director of the Department of Finance and Administration
287 may:

288 (a) Withhold an amount equal to the amount due under
289 the program from the municipality's portion of funds in the state
290 appropriations for homestead reimbursement; or

291 (b) Intercept, as provided in Section 27-65-75, the
292 sales tax revenue allocated and paid to the municipality pursuant
293 to Section 27-65-75.

294 **SECTION 2.** Section 27-33-77, Mississippi Code of 1972, is
295 amended as follows:

296 27-33-77. (1) (a) Beginning with the 1985 supplemental
297 roll, and for each succeeding year's roll thereafter, the amount
298 of tax loss to be reimbursed because of exemptions provided for in
299 this article shall be Fifty Dollars (\$50.00) each for county taxes
300 exempted and school taxes exempted for a total of One Hundred
301 Dollars (\$100.00) per applicant qualifying for homestead exemption
302 under this article.

303 (b) The reimbursement received by the county shall be
304 distributed by the county treasurer to the general fund.

305 * * *

306 The reimbursement received by a county, municipality or
307 school district may be pledged as security for a loan if the
308 reimbursement to the county or school district is otherwise
309 authorized or required by law to be pledged as security for such a
310 loan.

311 (c) The reimbursement due to be paid to the county may
312 be pledged as security for sums due under the master
313 lease-purchase program authorized under Section 31-7-10.

314 (2) (a) * * * Tax losses sustained by municipalities
315 because of exemptions granted to homeowners described in
316 subsection (2) of Section 27-33-67 shall be reimbursed up to the
317 amount of the actual exemption allowed, not to exceed Two Hundred
318 Dollars (\$200.00) per qualified applicant.

319 (b) The reimbursement due to be paid to the
320 municipality may be pledged as security for sums due under the
321 master lease-purchase program authorized under Section 31-7-10.

322 **SECTION 3.** Section 27-51-107, Mississippi Code of 1972, is
323 amended as follows:

324 27-51-107. (1) On or before February 10, 1995, and the
325 tenth day of each succeeding month thereafter, the State Tax
326 Commission shall make payments from the Motor Vehicle Ad Valorem
327 Tax Reduction Fund established in Section 27-51-105 to the county
328 tax collectors for distribution to the local taxing districts as
329 reimbursement for motor vehicle ad valorem taxes that are lost
330 during the preceding month as a result of the ad valorem tax
331 credit for private carriers of passengers and light carriers of
332 property that is provided for by Section 27-51-103. The amount
333 that each local taxing district will receive for each month under
334 this subsection shall be determined by the State Tax Commission

335 based on documentation provided by the tax collectors under
336 guidelines established by the commission.

337 (2) On or before the twentieth day of the month that the
338 payments from the commission under subsection (1) of this section
339 are received, the county tax collectors shall remit the
340 appropriate amount of such payments to the local taxing districts
341 for which the county tax collector collects motor vehicle ad
342 valorem taxes. When an ad valorem tax credit that is allowed to a
343 taxpayer is not paid by the commission in the payment for the
344 month in which such credit is allowed, the tax collector shall
345 remit the payment for such credit to the local taxing authority on
346 or before the twentieth day of the month that payment for such
347 credit is received from the commission.

348 (3) Funds received by local taxing districts from the
349 payments under subsection (1) of this section shall be considered
350 to be, and shall be used in the same manner as, the proceeds of
351 motor vehicle ad valorem taxes.

352 (4) (a) Funds due to be paid to the county for its share of
353 the payments required to be made by the State Tax Commission under
354 this section may be pledged as security for sums due under the
355 master lease-purchase program authorized under Section 31-7-10.

356 (b) If sums due from a county under the master
357 lease-purchase program authorized in Section 31-7-10 are not paid
358 by the expiration of the defined payment period and the county has
359 pledged payments made under this section as security for such
360 payments, the Executive Director of the Department of Finance and
361 Administration shall notify the State Tax Commission of the
362 delinquency and the State Tax Commission shall halt payments to
363 the county and pay the county's share of the payment to the
364 Department of Finance and Administration until such time as the
365 amount due under the master lease-purchase program is satisfied.

366 **SECTION 3.** Section 27-65-75, Mississippi Code of 1972, is
367 amended as follows:

368 27-65-75. On or before the fifteenth day of each month, the
369 revenue collected under the provisions of this chapter during the
370 preceding month shall be paid and distributed as follows:

371 (1) (a) On or before August 15, 1992, and each succeeding
372 month thereafter through July 15, 1993, eighteen percent (18%) of
373 the total sales tax revenue collected during the preceding month
374 under the provisions of this chapter, except that collected under
375 the provisions of Sections 27-65-15, 27-65-19(3) and 27-65-21, on
376 business activities within a municipal corporation shall be
377 allocated for distribution to the municipality and paid to the
378 municipal corporation. On or before August 15, 1993, and each
379 succeeding month thereafter, eighteen and one-half percent
380 (18-1/2%) of the total sales tax revenue collected during the
381 preceding month under the provisions of this chapter, except that
382 collected under the provisions of Sections 27-65-15, 27-65-19(3)
383 and 27-65-21, on business activities within a municipal
384 corporation shall be allocated for distribution to the
385 municipality and paid to the municipal corporation.

386 (b) A municipal corporation, for the purpose of
387 distributing the tax under this subsection, shall mean and include
388 all incorporated cities, towns and villages.

389 (c) Monies allocated for distribution and credited to a
390 municipal corporation under this subsection may be pledged as
391 security for a loan if the distribution received by the municipal
392 corporation is otherwise authorized or required by law to be
393 pledged as security for such a loan.

394 (d) (i) Monies allocated for distribution and credited
395 to a municipal corporation under this subsection may be pledged as
396 security for sums due under the master lease-purchase program
397 authorized under Section 31-7-10.

398 (ii) If sums due from a municipality under the
399 master lease-purchase program authorized in Section 31-7-10 are
400 not paid by the expiration of the defined payment period and the

401 municipality has pledged monies allocated for distribution and
402 credited to it under this subsection as security for such
403 payments, the Executive Director of the Department of Finance and
404 Administration shall notify the State Tax Commission of the
405 delinquency and the State Tax Commission shall halt distributions
406 to the municipality and pay the monies allocated to the
407 municipality to the Department of Finance and Administration until
408 such time as the amount due under the master lease-purchase
409 program is satisfied.

410 (e) In any county having a county seat that is not an
411 incorporated municipality, the distribution provided under this
412 subsection shall be made as though the county seat was an
413 incorporated municipality; however, the distribution to the
414 municipality shall be paid to the county treasury in which the
415 municipality is located, and those funds shall be used for road,
416 bridge and street construction or maintenance in the county.

417 (2) On or before September 15, 1987, and each succeeding
418 month thereafter, from the revenue collected under this chapter
419 during the preceding month, One Million One Hundred Twenty-five
420 Thousand Dollars (\$1,125,000.00) shall be allocated for
421 distribution to municipal corporations as defined under subsection
422 (1) of this section in the proportion that the number of gallons
423 of gasoline and diesel fuel sold by distributors to consumers and
424 retailers in each such municipality during the preceding fiscal
425 year bears to the total gallons of gasoline and diesel fuel sold
426 by distributors to consumers and retailers in municipalities
427 statewide during the preceding fiscal year. The State Tax
428 Commission shall require all distributors of gasoline and diesel
429 fuel to report to the commission monthly the total number of
430 gallons of gasoline and diesel fuel sold by them to consumers and
431 retailers in each municipality during the preceding month. The
432 State Tax Commission shall have the authority to promulgate such
433 rules and regulations as is necessary to determine the number of

434 gallons of gasoline and diesel fuel sold by distributors to
435 consumers and retailers in each municipality. In determining the
436 percentage allocation of funds under this subsection for the
437 fiscal year beginning July 1, 1987, and ending June 30, 1988, the
438 State Tax Commission may consider gallons of gasoline and diesel
439 fuel sold for a period of less than one (1) fiscal year. For the
440 purposes of this subsection, the term "fiscal year" means the
441 fiscal year beginning July 1 of a year.

442 (3) On or before September 15, 1987, and on or before the
443 fifteenth day of each succeeding month, until the date specified
444 in Section 65-39-35, the proceeds derived from contractors' taxes
445 levied under Section 27-65-21 on contracts for the construction or
446 reconstruction of highways designated under the highway program
447 created under Section 65-3-97 shall, except as otherwise provided
448 in Section 31-17-127, be deposited into the State Treasury to the
449 credit of the State Highway Fund to be used to fund that highway
450 program. The Mississippi Department of Transportation shall
451 provide to the State Tax Commission such information as is
452 necessary to determine the amount of proceeds to be distributed
453 under this subsection.

454 (4) On or before August 15, 1994, and on or before the
455 fifteenth day of each succeeding month through July 15, 1999, from
456 the proceeds of gasoline, diesel fuel or kerosene taxes as
457 provided in Section 27-5-101(a)(ii)1, Four Million Dollars
458 (\$4,000,000.00) shall be deposited in the State Treasury to the
459 credit of a special fund designated as the "State Aid Road Fund,"
460 created by Section 65-9-17. On or before August 15, 1999, and on
461 or before the fifteenth day of each succeeding month, from the
462 total amount of the proceeds of gasoline, diesel fuel or kerosene
463 taxes apportioned by Section 27-5-101(a)(ii)1, Four Million
464 Dollars (\$4,000,000.00) or an amount equal to twenty-three and
465 one-fourth percent (23-1/4%) of those funds, whichever is the
466 greater amount, shall be deposited in the State Treasury to the

467 credit of the "State Aid Road Fund," created by Section 65-9-17.
468 Those funds shall be pledged to pay the principal of and interest
469 on state aid road bonds heretofore issued under Sections 19-9-51
470 through 19-9-77, in lieu of and in substitution for the funds
471 previously allocated to counties under this section. Those funds
472 may not be pledged for the payment of any state aid road bonds
473 issued after April 1, 1981; however, this prohibition against the
474 pledging of any such funds for the payment of bonds shall not
475 apply to any bonds for which intent to issue those bonds has been
476 published, for the first time, as provided by law before March 29,
477 1981. From the amount of taxes paid into the special fund under
478 this subsection and subsection (9) of this section, there shall be
479 first deducted and paid the amount necessary to pay the expenses
480 of the Office of State Aid Road Construction, as authorized by the
481 Legislature for all other general and special fund agencies. The
482 remainder of the fund shall be allocated monthly to the several
483 counties in accordance with the following formula:

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

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

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

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

497 The amount of funds allocated to any county under this
498 subsection for any fiscal year after fiscal year 1994 shall not be
499 less than the amount allocated to the county for fiscal year 1994.

500 Any reference in the general laws of this state or the
501 Mississippi Code of 1972 to Section 27-5-105 shall mean and be
502 construed to refer and apply to subsection (4) of Section
503 27-65-75.

504 (5) One Million Six Hundred Sixty-six Thousand Six Hundred
505 Sixty-six Dollars (\$1,666,666.00) each month shall be paid into
506 the special fund known as the "State Public School Building Fund"
507 created and existing under the provisions of Sections 37-47-1
508 through 37-47-67. Those payments into that fund are to be made on
509 the last day of each succeeding month hereafter.

510 (6) An amount each month beginning August 15, 1983, through
511 November 15, 1986, as specified in Section 6 of Chapter 542, Laws
512 of 1983, shall be paid into the special fund known as the
513 Correctional Facilities Construction Fund created in Section 6 of
514 Chapter 542, Laws of 1983.

515 (7) On or before August 15, 1992, and each succeeding month
516 thereafter through July 15, 2000, two and two hundred sixty-six
517 one-thousandths percent (2.266%) of the total sales tax revenue
518 collected during the preceding month under the provisions of this
519 chapter, except that collected under the provisions of Section
520 27-65-17(2) shall be deposited by the commission into the School
521 Ad Valorem Tax Reduction Fund created under Section 37-61-35. On
522 or before August 15, 2000, and each succeeding month thereafter,
523 two and two hundred sixty-six one-thousandths percent (2.266%) of
524 the total sales tax revenue collected during the preceding month
525 under the provisions of this chapter, except that collected under
526 the provisions of Section 27-65-17(2), shall be deposited into the
527 School Ad Valorem Tax Reduction Fund created under Section
528 37-61-35 until such time that the total amount deposited into the
529 fund during a fiscal year equals Forty-two Million Dollars
530 (\$42,000,000.00). Thereafter, the amounts diverted under this
531 subsection (7) during the fiscal year in excess of Forty-two
532 Million Dollars (\$42,000,000.00) shall be deposited into the

533 Education Enhancement Fund created under Section 37-61-33 for
534 appropriation by the Legislature as other education needs and
535 shall not be subject to the percentage appropriation requirements
536 set forth in Section 37-61-33.

537 (8) On or before August 15, 1992, and each succeeding month
538 thereafter, nine and seventy-three one-thousandths percent
539 (9.073%) of the total sales tax revenue collected during the
540 preceding month under the provisions of this chapter, except that
541 collected under the provisions of Section 27-65-17(2), shall be
542 deposited into the Education Enhancement Fund created under
543 Section 37-61-33.

544 (9) On or before August 15, 1994, and each succeeding month
545 thereafter, from the revenue collected under this chapter during
546 the preceding month, Two Hundred Fifty Thousand Dollars
547 (\$250,000.00) shall be paid into the State Aid Road Fund.

548 (10) On or before August 15, 1994, and each succeeding month
549 thereafter through August 15, 1995, from the revenue collected
550 under this chapter during the preceding month, Two Million Dollars
551 (\$2,000,000.00) shall be deposited into the Motor Vehicle Ad
552 Valorem Tax Reduction Fund established in Section 27-51-105.

553 (11) Notwithstanding any other provision of this section to
554 the contrary, on or before February 15, 1995, and each succeeding
555 month thereafter, the sales tax revenue collected during the
556 preceding month under the provisions of Section 27-65-17(2) and
557 the corresponding levy in Section 27-65-23 on the rental or lease
558 of private carriers of passengers and light carriers of property
559 as defined in Section 27-51-101 shall be deposited, without
560 diversion, into the Motor Vehicle Ad Valorem Tax Reduction Fund
561 established in Section 27-51-105.

562 (12) Notwithstanding any other provision of this section to
563 the contrary, on or before August 15, 1995, and each succeeding
564 month thereafter, the sales tax revenue collected during the
565 preceding month under the provisions of Section 27-65-17(1) on

566 retail sales of private carriers of passengers and light carriers
567 of property, as defined in Section 27-51-101 and the corresponding
568 levy in Section 27-65-23 on the rental or lease of these vehicles,
569 shall be deposited, after diversion, into the Motor Vehicle Ad
570 Valorem Tax Reduction Fund established in Section 27-51-105.

571 (13) On or before July 15, 1994, and on or before the
572 fifteenth day of each succeeding month thereafter, that portion of
573 the avails of the tax imposed in Section 27-65-22 that is derived
574 from activities held on the Mississippi state fairgrounds complex,
575 shall be paid into a special fund that is created in the State
576 Treasury and shall be expended upon legislative appropriation
577 solely to defray the costs of repairs and renovation at the Trade
578 Mart and Coliseum.

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

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

593 (16) On or before August 15, 2000, and each succeeding month
594 thereafter, the sales tax revenue collected during the preceding
595 month under the provisions of this chapter on the gross proceeds
596 of sales of a project as defined in Section 57-30-1 shall be
597 deposited, after all diversions except the diversion provided for

598 in subsection (1) of this section, into the Sales Tax Incentive
599 Fund created in Section 57-30-3.

600 (17) Notwithstanding any other provision of this section to
601 the contrary, on or before April 15, 2002, and each succeeding
602 month thereafter, the sales tax revenue collected during the
603 preceding month under Section 27-65-23 on sales of parking
604 services of parking garages and lots at airports shall be
605 deposited, without diversion, into the special fund created under
606 Section 27-5-101(d).

607 (18) On or before August 15, 2007, and each succeeding month
608 thereafter through July 15, 2008, from the sales tax revenue
609 collected during the preceding month under the provisions of this
610 chapter, Two Million Five Hundred Thousand Dollars (\$2,500,000.00)
611 shall be deposited into the Special Funds Transfer Fund created in
612 Section 4 of Chapter 556, Laws of 2003.

613 (19) (a) On or before August 15, 2005, and each succeeding
614 month thereafter, the sales tax revenue collected during the
615 preceding month under the provisions of this chapter on the gross
616 proceeds of sales of a business enterprise located within a
617 redevelopment project area under the provisions of Sections
618 57-91-1 through 57-91-11, and the revenue collected on the gross
619 proceeds of sales from sales made to a business enterprise located
620 in a redevelopment project area under the provisions of Sections
621 57-91-1 through 57-91-11 (provided that such sales made to a
622 business enterprise are made on the premises of the business
623 enterprise), shall, except as otherwise provided in this
624 subsection (19), be deposited, after all diversions, into the
625 Redevelopment Project Incentive Fund as created in Section
626 57-91-9.

627 (b) For a municipality participating in the Economic
628 Redevelopment Act created in Sections 57-91-1 through 57-91-11,
629 the diversion provided for in subsection (1) of this section
630 attributable to the gross proceeds of sales of a business

631 enterprise located within a redevelopment project area under the
632 provisions of Sections 57-91-1 through 57-91-11, and attributable
633 to the gross proceeds of sales from sales made to a business
634 enterprise located in a redevelopment project area under the
635 provisions of Sections 57-91-1 through 57-91-11 (provided that
636 such sales made to a business enterprise are made on the premises
637 of the business enterprise), shall be deposited into the
638 Redevelopment Project Incentive Fund as created in Section
639 57-91-9, as follows:

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

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

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

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

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

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

662 (21) It shall be the duty of the municipal officials of any
663 municipality that expands its limits, or of any community that

664 incorporates as a municipality, to notify the commissioner of that
665 action thirty (30) days before the effective date. Failure to so
666 notify the commissioner shall cause the municipality to forfeit
667 the revenue that it would have been entitled to receive during
668 this period of time when the commissioner had no knowledge of the
669 action. If any funds have been erroneously disbursed to any
670 municipality or any overpayment of tax is recovered by the
671 taxpayer, the commissioner may make correction and adjust the
672 error or overpayment with the municipality by withholding the
673 necessary funds from any later payment to be made to the
674 municipality.

675 **SECTION 4.** This act shall take effect and be in force from
676 and after July 1, 2006.