

By: Representative Compretta

To: Ways and Means

HOUSE BILL NO. 746

1 AN ACT TO AMEND SECTION 27-35-50, MISSISSIPPI CODE OF 1972,
2 TO PROVIDE THAT THE TRUE VALUE OF HOMESTEAD PROPERTY MAY NOT BE
3 INCREASED BY MORE THAN THREE PERCENT ABOVE THE TRUE VALUE OF SUCH
4 PROPERTY FOR THE PRECEDING CALENDAR YEAR; AND FOR RELATED
5 PURPOSES.

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

7 **SECTION 1.** Section 27-35-50, Mississippi Code of 1972, is
8 amended as follows:

9 27-35-50. (1) True value shall mean and include, but shall
10 not be limited to, market value, cash value, actual cash value,
11 proper value and value for the purposes of appraisal for ad
12 valorem taxation.

13 (2) With respect to each and every parcel of property
14 subject to assessment, the tax assessor shall, in ascertaining
15 true value, consider whenever possible the income capitalization
16 approach to value, the cost approach to value and the market data
17 approach to value, as such approaches are determined by the State
18 Tax Commission. For differing types of categories of property,
19 differing approaches may be appropriate. The choice of the
20 particular valuation approach or approaches to be used should be
21 made by the assessor upon a consideration of the category or
22 nature of the property, the approaches to value for which the
23 highest quality data is available, and the current use of the
24 property.

25 (3) Except as otherwise provided in subsection (4) of this
26 section, in determining the true value of land and improvements
27 thereon, factors to be taken into consideration are the proximity
28 to navigation; to a highway; to a railroad; to a city, town,

29 village or road; and any other circumstances that tend to affect
30 its value, and not what it might bring at a forced sale but what
31 the owner would be willing to accept and would expect to receive
32 for it if he were disposed to sell it to another able and willing
33 to buy.

34 (4) (a) Except as otherwise provided in this subsection, in
35 arriving at the true value of all Class I and Class II property
36 and improvements, the appraisal shall be made according to current
37 use, regardless of location.

38 (b) In arriving at the true value of any land used for
39 agricultural purposes, the appraisal shall be made according to
40 its use on January 1 of each year, regardless of its location; in
41 making the appraisal, the assessor shall use soil types,
42 productivity and other criteria set forth in the land appraisal
43 manuals of the State Tax Commission, which criteria shall include,
44 but not be limited to, an income capitalization approach with a
45 capitalization rate of not less than ten percent (10%) and a
46 moving average of not more than ten (10) years. However, for the
47 year 1990, the moving average shall not be more than five (5)
48 years; for the year 1991, not more than six (6) years; for the
49 year 1992, not more than seven (7) years; for the year 1993, not
50 more than eight (8) years; and for the year 1994, not more than
51 nine (9) years; and for the year 1990, the variation up or down
52 from the previous year shall not exceed twenty percent (20%) and
53 thereafter, the variation, up or down, from a previous year shall
54 not exceed ten percent (10%). The land shall be deemed to be used
55 for agricultural purposes when it is devoted to the commercial
56 production of crops and other commercial products of the soil,
57 including, but not limited to, the production of fruits and timber
58 or the raising of livestock and poultry; however, enrollment in
59 the federal Conservation Reserve Program or in any other United
60 States Department of Agriculture conservation program shall not
61 preclude land being deemed to be used for agricultural purposes

62 solely on the ground that the land is not being devoted to the
63 production of commercial products of the soil, and income derived
64 from participation in the federal program may be used in
65 combination with other relevant criteria to determine the true
66 value of such land. The true value of aquaculture shall be
67 determined in the same manner as that used to determine the true
68 value of row crops.

69 (c) In determining the true value based upon current
70 use, no consideration shall be taken of the prospective value such
71 property might have if it were put to some other possible use.

72 (d) In arriving at the true value of affordable rental
73 housing, the assessor shall use the appraisal procedure set forth
74 in land appraisal manuals of the State Tax Commission. Such
75 procedure shall prescribe that the appraisal shall be made
76 according to actual net operating income attributable to the
77 property, capitalized at a market value capitalization rate
78 prescribed by the State Tax Commission that reflects the
79 prevailing cost of capital for commercial real estate in the
80 geographical market in which the affordable rental housing is
81 located adjusted for the enhanced risk that any recorded land use
82 regulation places on the net operating income from the property.
83 The owner of affordable rental housing shall provide to the county
84 tax assessor on or before April 1 of each year, an accurate
85 statement of the actual net operating income attributable to the
86 property for the immediately preceding year prepared in accordance
87 with generally acceptable accounting principles. As used in this
88 paragraph:

89 (i) "Affordable rental housing" means residential
90 housing consisting of one or more rental units, the construction
91 and/or rental of which is subject to Section 42 of the Internal
92 Revenue Code (26 USC 42), the Home Investment Partnership Program
93 under the Cranston-Gonzalez National Affordable Housing Act (42
94 USC 12741 et seq.), the Federal Home Loan Banks Affordable Housing

95 Program established pursuant to the Financial Institutions Reform,
96 Recovery and Enforcement Act (FIRREA) of 1989 (Public Law 101-73),
97 or any other federal, state or similar program intended to provide
98 affordable housing to persons of low or moderate income and the
99 occupancy and maximum rental rates of such housing are restricted
100 based on the income of the persons occupying such housing.

101 (ii) "Land use regulation" means a restriction
102 imposed by an extended low-income housing agreement or other
103 covenant recorded in the applicable land records or by applicable
104 law or regulation restricting the maximum income of residents
105 and/or the maximum rental rate in the affordable rental housing.

106 (e) Beginning with the 2006 calendar year, and for each
107 calendar year thereafter, in arriving at the true value of
108 homestead property, as defined in Section 27-33-19, the true value
109 of such property may not be increased by more than three percent
110 (3%) above the true value of the property for the preceding
111 calendar year.

112 (5) The true value of each class of property shall be
113 determined annually.

114 (6) The State Tax Commission shall have the power to adopt,
115 amend or repeal such rules or regulations in a manner consistent
116 with the Constitution of the State of Mississippi to implement the
117 duties assigned to the commission in this section.

118 **SECTION 2.** This act shall take effect and be in force from
119 and after January 1, 2006.