

By: Representatives Snowden, Baker (74th)

To: Ways and Means

## HOUSE BILL NO. 794

1 AN ACT TO AMEND SECTION 27-65-17, MISSISSIPPI CODE OF 1972,  
2 TO REDUCE THE SALES TAX RATE ON RETAIL SALES OF FOOD FOR HUMAN  
3 CONSUMPTION NOT PURCHASED WITH FOOD STAMPS, BUT WHICH WOULD BE  
4 EXEMPT FROM SALES TAX IF SUCH FOOD WERE PURCHASED WITH FOOD  
5 STAMPS, TO ONE AND THREE-TENTHS PERCENT; TO AMEND SECTION  
6 27-65-75, MISSISSIPPI CODE OF 1972, TO PROVIDE THAT ALL OF THE  
7 SALES TAX COLLECTED ON SUCH RETAIL SALES OF FOOD WITHIN A  
8 MUNICIPALITY SHALL BE ALLOCATED FOR DISTRIBUTION AND PAID TO SUCH  
9 MUNICIPALITY; TO INCREASE THE AMOUNT OF THE SALES TAX DIVERSION TO  
10 THE SCHOOL AD VALOREM TAX REDUCTION FUND AND THE EDUCATION  
11 ENHANCEMENT FUND; AND FOR RELATED PURPOSES.

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

13 **SECTION 1.** Section 27-65-17, Mississippi Code of 1972, is  
14 amended as follows:

15 27-65-17. (1) (a) Except as otherwise provided in this  
16 section, upon every person engaging or continuing within this  
17 state in the business of selling any tangible personal property  
18 whatsoever there is hereby levied, assessed and shall be collected  
19 a tax equal to seven percent (7%) of the gross proceeds of the  
20 retail sales of the business.

21 (b) Retail sales of farm tractors shall be taxed at the  
22 rate of one percent (1%) when made to farmers for agricultural  
23 purposes.

24 (c) Retail sales of farm implements sold to farmers and  
25 used directly in the production of poultry, ratite, domesticated  
26 fish as defined in Section 69-7-501, livestock, livestock  
27 products, agricultural crops or ornamental plant crops or used for  
28 other agricultural purposes shall be taxed at the rate of three  
29 percent (3%) when used on the farm. The three percent (3%) rate  
30 shall also apply to all equipment used in logging, pulpwood  
31 operations or tree farming which is either:

32 (i) Self-propelled, or  
33 (ii) Mounted so that it is permanently attached to  
34 other equipment which is self-propelled or permanently attached to  
35 other equipment drawn by a vehicle which is self-propelled.

36 (d) Except as otherwise provided in subsection (3) of  
37 this section, retail sales of aircraft, automobiles, trucks,  
38 truck-tractors, semitrailers and mobile homes shall be taxed at  
39 the rate of three percent (3%).

40 (e) Sales of manufacturing machinery or manufacturing  
41 machine parts when made to a manufacturer or custom processor for  
42 plant use only when the machinery and machine parts will be used  
43 exclusively and directly within this state in manufacturing a  
44 commodity for sale, rental or in processing for a fee shall be  
45 taxed at the rate of one and one-half percent (1-1/2%).

46 (f) Sales of machinery and machine parts when made to a  
47 technology intensive enterprise for plant use only when the  
48 machinery and machine parts will be used exclusively and directly  
49 within this state for industrial purposes, including, but not  
50 limited to, manufacturing or research and development activities,  
51 shall be taxed at the rate of one and one-half percent (1-1/2%).  
52 In order to be considered a technology intensive enterprise for  
53 purposes of this paragraph:

54 (i) The enterprise shall meet minimum criteria  
55 established by the Mississippi Development Authority;

56 (ii) The enterprise shall employ at least ten (10)  
57 persons in full-time jobs;

58 (iii) At least ten percent (10%) of the workforce  
59 in the facility operated by the enterprise shall be scientists,  
60 engineers or computer specialists;

61 (iv) The enterprise shall manufacture plastics,  
62 chemicals, automobiles, aircraft, computers or electronics; or  
63 shall be a research and development facility, a computer design or  
64 related facility, or a software publishing facility or other

65 technology intensive facility or enterprise as determined by the  
66 Mississippi Development Authority;

67 (v) The average wage of all workers employed by  
68 the enterprise at the facility shall be at least one hundred fifty  
69 percent (150%) of the state average annual wage; and

70 (vi) The enterprise must provide a basic health  
71 care plan to all employees at the facility.

72 (g) Sales of materials for use in track and track  
73 structures to a railroad whose rates are fixed by the Interstate  
74 Commerce Commission or the Mississippi Public Service Commission  
75 shall be taxed at the rate of three percent (3%).

76 (h) Sales of tangible personal property to electric  
77 power associations for use in the ordinary and necessary operation  
78 of their generating or distribution systems shall be taxed at the  
79 rate of one percent (1%).

80 (i) Wholesale sales of beer shall be taxed at the rate  
81 of seven percent (7%), and the retailer shall file a return and  
82 compute the retail tax on retail sales but may take credit for the  
83 amount of the tax paid to the wholesaler on said return covering  
84 the subsequent sales of same property, provided adequate invoices  
85 and records are maintained to substantiate the credit.

86 (j) Wholesale sales of food and drink for human  
87 consumption to full service vending machine operators to be sold  
88 through vending machines located apart from and not connected with  
89 other taxable businesses shall be taxed at the rate of eight  
90 percent (8%).

91 (k) Sales of equipment used or designed for the purpose  
92 of assisting disabled persons, such as wheelchair equipment and  
93 lifts, that is mounted or attached to or installed on a private  
94 carrier of passengers or light carrier of property, as defined in  
95 Section 27-51-101, at the time when the private carrier of  
96 passengers or light carrier of property is sold shall be taxed at  
97 the same rate as the sale of such vehicles under this section.

98           (2) From and after January 1, 1995, retail sales of private  
99 carriers of passengers and light carriers of property, as defined  
100 in Section 27-51-101, shall be taxed an additional two percent  
101 (2%).

102           (3) In lieu of the tax levied in subsection (1) of this  
103 section, there is levied on retail sales of truck-tractors and  
104 semitrailers used in interstate commerce and registered under the  
105 International Registration Plan (IRP) or any similar reciprocity  
106 agreement or compact relating to the proportional registration of  
107 commercial vehicles entered into as provided for in Section  
108 27-19-143, a tax at the rate of three percent (3%) of the portion  
109 of the sale that is attributable to the usage of such  
110 truck-tractor or semitrailer in Mississippi. The portion of the  
111 retail sale that is attributable to the usage of such  
112 truck-tractor or semitrailer in Mississippi is the retail sales  
113 price of the truck-tractor or semitrailer multiplied by the  
114 percentage of the total miles traveled by the vehicle that are  
115 traveled in Mississippi. The tax levied pursuant to this  
116 subsection (3) shall be collected by the State Tax Commission from  
117 the purchaser of such truck-tractor or semitrailer at the time of  
118 registration of such truck-tractor or semitrailer.

119           (4) A manufacturer selling at retail in this state shall be  
120 required to make returns of the gross proceeds of such sales and  
121 pay the tax imposed in this section.

122           (5) Any person exercising any privilege taxable under  
123 Section 27-65-15 and selling his natural resource products at  
124 wholesale or to exempt persons shall pay the tax levied by said  
125 section in lieu of the tax levied by this section.

126           (6) From and after July 1, 2006, in lieu of the tax levied  
127 in subsection (1) of this section, retail sales of food for human  
128 consumption not purchased with food stamps issued by the United  
129 States Department of Agriculture, or other federal agency, but  
130 which would be exempt under Section 27-65-111(o) from the taxes

131 imposed by this chapter if the food were purchased with food  
132 stamps, shall be taxed at the rate of one and three-tenths percent  
133 (1.3%).

134 **SECTION 2.** Section 27-65-75, Mississippi Code of 1972, is  
135 amended as follows:

136 27-65-75. On or before the fifteenth day of each month, the  
137 revenue collected under the provisions of this chapter during the  
138 preceding month shall be paid and distributed as follows:

139 (1) On or before August 15, 1992, and each succeeding month  
140 thereafter through July 15, 1993, eighteen percent (18%) of the  
141 total sales tax revenue collected during the preceding month under  
142 the provisions of this chapter, except that collected under the  
143 provisions of Sections 27-65-15, 27-65-19(3) and 27-65-21, on  
144 business activities within a municipal corporation shall be  
145 allocated for distribution to the municipality and paid to the  
146 municipal corporation. On or before August 15, 1993, and each  
147 succeeding month thereafter through July 15, 2006, eighteen and  
148 one-half percent (18-1/2%) of the total sales tax revenue  
149 collected during the preceding month under the provisions of this  
150 chapter, except that collected under the provisions of Sections  
151 27-65-15, 27-65-19(3) and 27-65-21, on business activities within  
152 a municipal corporation shall be allocated for distribution to the  
153 municipality and paid to the municipal corporation. On or before  
154 August 15, 2006, and each succeeding month thereafter, eighteen  
155 and one-half percent (18-1/2%) of the total sales tax revenue  
156 collected during the preceding month under the provisions of this  
157 chapter, except that collected under the provisions of Sections  
158 27-65-15, 27-65-19(3), 27-65-21 and 27-65-17(6), on business  
159 activities within a municipal corporation, and all of the sales  
160 tax revenue collected during the preceding month under the  
161 provisions of Section 27-65-17(6) on business activities within a  
162 municipal corporation shall be allocated for distribution to such  
163 municipality and paid to such municipal corporation.

164 A municipal corporation, for the purpose of distributing the  
165 tax under this subsection, shall mean and include all incorporated  
166 cities, towns and villages.

167 Monies allocated for distribution and credited to a municipal  
168 corporation under this subsection may be pledged as security for a  
169 loan if the distribution received by the municipal corporation is  
170 otherwise authorized or required by law to be pledged as security  
171 for such a loan.

172 In any county having a county seat that is not an  
173 incorporated municipality, the distribution provided under this  
174 subsection shall be made as though the county seat was an  
175 incorporated municipality; however, the distribution to the  
176 municipality shall be paid to the county treasury in which the  
177 municipality is located, and those funds shall be used for road,  
178 bridge and street construction or maintenance in the county.

179 (2) On or before September 15, 1987, and each succeeding  
180 month thereafter, from the revenue collected under this chapter  
181 during the preceding month, One Million One Hundred Twenty-five  
182 Thousand Dollars (\$1,125,000.00) shall be allocated for  
183 distribution to municipal corporations as defined under subsection  
184 (1) of this section in the proportion that the number of gallons  
185 of gasoline and diesel fuel sold by distributors to consumers and  
186 retailers in each such municipality during the preceding fiscal  
187 year bears to the total gallons of gasoline and diesel fuel sold  
188 by distributors to consumers and retailers in municipalities  
189 statewide during the preceding fiscal year. The State Tax  
190 Commission shall require all distributors of gasoline and diesel  
191 fuel to report to the commission monthly the total number of  
192 gallons of gasoline and diesel fuel sold by them to consumers and  
193 retailers in each municipality during the preceding month. The  
194 State Tax Commission shall have the authority to promulgate such  
195 rules and regulations as is necessary to determine the number of  
196 gallons of gasoline and diesel fuel sold by distributors to

197 consumers and retailers in each municipality. In determining the  
198 percentage allocation of funds under this subsection for the  
199 fiscal year beginning July 1, 1987, and ending June 30, 1988, the  
200 State Tax Commission may consider gallons of gasoline and diesel  
201 fuel sold for a period of less than one (1) fiscal year. For the  
202 purposes of this subsection, the term "fiscal year" means the  
203 fiscal year beginning July 1 of a year.

204 (3) On or before September 15, 1987, and on or before the  
205 fifteenth day of each succeeding month, until the date specified  
206 in Section 65-39-35, the proceeds derived from contractors' taxes  
207 levied under Section 27-65-21 on contracts for the construction or  
208 reconstruction of highways designated under the highway program  
209 created under Section 65-3-97 shall, except as otherwise provided  
210 in Section 31-17-127, be deposited into the State Treasury to the  
211 credit of the State Highway Fund to be used to fund that highway  
212 program. The Mississippi Department of Transportation shall  
213 provide to the State Tax Commission such information as is  
214 necessary to determine the amount of proceeds to be distributed  
215 under this subsection.

216 (4) On or before August 15, 1994, and on or before the  
217 fifteenth day of each succeeding month through July 15, 1999, from  
218 the proceeds of gasoline, diesel fuel or kerosene taxes as  
219 provided in Section 27-5-101(a)(ii)1, Four Million Dollars  
220 (\$4,000,000.00) shall be deposited in the State Treasury to the  
221 credit of a special fund designated as the "State Aid Road Fund,"  
222 created by Section 65-9-17. On or before August 15, 1999, and on  
223 or before the fifteenth day of each succeeding month, from the  
224 total amount of the proceeds of gasoline, diesel fuel or kerosene  
225 taxes apportioned by Section 27-5-101(a)(ii)1, Four Million  
226 Dollars (\$4,000,000.00) or an amount equal to twenty-three and  
227 one-fourth percent (23-1/4%) of those funds, whichever is the  
228 greater amount, shall be deposited in the State Treasury to the  
229 credit of the "State Aid Road Fund," created by Section 65-9-17.

230 Those funds shall be pledged to pay the principal of and interest  
231 on state aid road bonds heretofore issued under Sections 19-9-51  
232 through 19-9-77, in lieu of and in substitution for the funds  
233 previously allocated to counties under this section. Those funds  
234 may not be pledged for the payment of any state aid road bonds  
235 issued after April 1, 1981; however, this prohibition against the  
236 pledging of any such funds for the payment of bonds shall not  
237 apply to any bonds for which intent to issue those bonds has been  
238 published, for the first time, as provided by law before March 29,  
239 1981. From the amount of taxes paid into the special fund under  
240 this subsection and subsection (9) of this section, there shall be  
241 first deducted and paid the amount necessary to pay the expenses  
242 of the Office of State Aid Road Construction, as authorized by the  
243 Legislature for all other general and special fund agencies. The  
244 remainder of the fund shall be allocated monthly to the several  
245 counties in accordance with the following formula:

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

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

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

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

259 The amount of funds allocated to any county under this  
260 subsection for any fiscal year after fiscal year 1994 shall not be  
261 less than the amount allocated to the county for fiscal year 1994.

262 Any reference in the general laws of this state or the  
263 Mississippi Code of 1972 to Section 27-5-105 shall mean and be  
264 construed to refer and apply to subsection (4) of Section  
265 27-65-75.

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

272 (6) An amount each month beginning August 15, 1983, through  
273 November 15, 1986, as specified in Section 6 of Chapter 542, Laws  
274 of 1983, shall be paid into the special fund known as the  
275 Correctional Facilities Construction Fund created in Section 6 of  
276 Chapter 542, Laws of 1983.

277 (7) On or before August 15, 1992, and each succeeding month  
278 thereafter through July 15, 2000, two and two hundred sixty-six  
279 one-thousandths percent (2.266%) of the total sales tax revenue  
280 collected during the preceding month under the provisions of this  
281 chapter, except that collected under the provisions of Section  
282 27-65-17(2) shall be deposited by the commission into the School  
283 Ad Valorem Tax Reduction Fund created under Section 37-61-35. On  
284 or before August 15, 2000, and each succeeding month thereafter  
285 through July 15, 2006, two and two hundred sixty-six  
286 one-thousandths percent (2.266%) of the total sales tax revenue  
287 collected during the preceding month under the provisions of this  
288 chapter, except that collected under the provisions of Section  
289 27-65-17(2), shall be deposited into the School Ad Valorem Tax  
290 Reduction Fund created under Section 37-61-35 until such time that  
291 the total amount deposited into the fund during a fiscal year  
292 equals Forty-two Million Dollars (\$42,000,000.00). Thereafter,  
293 the amounts diverted under this subsection (7) during the fiscal  
294 year in excess of Forty-two Million Dollars (\$42,000,000.00) shall

295 be deposited into the Education Enhancement Fund created under  
296 Section 37-61-33 for appropriation by the Legislature as other  
297 education needs and shall not be subject to the percentage  
298 appropriation requirements set forth in Section 37-61-33. On or  
299 before August 15, 2006, and each succeeding month thereafter, two  
300 and five hundred ninety-eight one-thousandths percent (2.598%) of  
301 the total sales tax revenue collected during the preceding month  
302 under the provisions of this chapter, except that collected under  
303 the provisions of Section 27-65-17(2), and except that collected  
304 under the provisions of Section 27-65-17(6) on business activities  
305 within a municipal corporation, shall be deposited into the School  
306 Ad Valorem Tax Reduction Fund created under Section 37-61-35 until  
307 such time that the total amount deposited into the fund during a  
308 fiscal year equals Forty-two Million Dollars (\$42,000,000.00).  
309 Thereafter, the amounts diverted under this subsection (7) during  
310 the fiscal year in excess of Forty-two Million Dollars  
311 (\$42,000,000.00) shall be deposited into the Education Enhancement  
312 Fund created under Section 37-61-33 for appropriation by the  
313 Legislature as other education needs and shall not be subject to  
314 the percentage appropriation requirements set forth in Section  
315 37-61-33.

316 (8) On or before August 15, 1992, and each succeeding month  
317 thereafter through July 15, 2006, nine and seventy-three  
318 one-thousandths percent (9.073%) of the total sales tax revenue  
319 collected during the preceding month under the provisions of this  
320 chapter, except that collected under the provisions of Section  
321 27-65-17(2), shall be deposited into the Education Enhancement  
322 Fund created under Section 37-61-33. On or before August 15,  
323 2006, and each succeeding month thereafter, ten and four hundred  
324 twenty-six one-thousandths percent (10.426%) of the total sales  
325 tax revenue collected during the preceding month under the  
326 provisions of this chapter, except that collected under the  
327 provisions of Section 27-65-17(2), and except that collected under

328 the provisions of Section 27-65-17(6) on business activities  
329 within a municipal corporation, shall be deposited into the  
330 Education Enhancement Fund created pursuant to Section 37-61-33.

331 (9) On or before August 15, 1994, and each succeeding month  
332 thereafter, from the revenue collected under this chapter during  
333 the preceding month, Two Hundred Fifty Thousand Dollars  
334 (\$250,000.00) shall be paid into the State Aid Road Fund.

335 (10) On or before August 15, 1994, and each succeeding month  
336 thereafter through August 15, 1995, from the revenue collected  
337 under this chapter during the preceding month, Two Million Dollars  
338 (\$2,000,000.00) shall be deposited into the Motor Vehicle Ad  
339 Valorem Tax Reduction Fund established in Section 27-51-105.

340 (11) Notwithstanding any other provision of this section to  
341 the contrary, on or before February 15, 1995, and each succeeding  
342 month thereafter, the sales tax revenue collected during the  
343 preceding month under the provisions of Section 27-65-17(2) and  
344 the corresponding levy in Section 27-65-23 on the rental or lease  
345 of private carriers of passengers and light carriers of property  
346 as defined in Section 27-51-101 shall be deposited, without  
347 diversion, into the Motor Vehicle Ad Valorem Tax Reduction Fund  
348 established in Section 27-51-105.

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

358 (13) On or before July 15, 1994, and on or before the  
359 fifteenth day of each succeeding month thereafter, that portion of  
360 the avails of the tax imposed in Section 27-65-22 that is derived

361 from activities held on the Mississippi state fairgrounds complex,  
362 shall be paid into a special fund that is created in the State  
363 Treasury and shall be expended upon legislative appropriation  
364 solely to defray the costs of repairs and renovation at the Trade  
365 Mart and Coliseum.

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

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

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

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

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

400           (19) (a) On or before August 15, 2005, and each succeeding  
401 month thereafter, the sales tax revenue collected during the  
402 preceding month under the provisions of this chapter on the gross  
403 proceeds of sales of a business enterprise located within a  
404 redevelopment project area under the provisions of Sections  
405 57-91-1 through 57-91-11, and the revenue collected on the gross  
406 proceeds of sales from sales made to a business enterprise located  
407 in a redevelopment project area under the provisions of Sections  
408 57-91-1 through 57-91-11 (provided that such sales made to a  
409 business enterprise are made on the premises of the business  
410 enterprise), shall, except as otherwise provided in this  
411 subsection (19), be deposited, after all diversions, into the  
412 Redevelopment Project Incentive Fund as created in Section  
413 57-91-9.

414           (b) For a municipality participating in the Economic  
415 Redevelopment Act created in Sections 57-91-1 through 57-91-11,  
416 the diversion provided for in subsection (1) of this section  
417 attributable to the gross proceeds of sales of a business  
418 enterprise located within a redevelopment project area under the  
419 provisions of Sections 57-91-1 through 57-91-11, and attributable  
420 to the gross proceeds of sales from sales made to a business  
421 enterprise located in a redevelopment project area under the  
422 provisions of Sections 57-91-1 through 57-91-11 (provided that  
423 such sales made to a business enterprise are made on the premises  
424 of the business enterprise), shall be deposited into the  
425 Redevelopment Project Incentive Fund as created in Section  
426 57-91-9, as follows:

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

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

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

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

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

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

449           (21) It shall be the duty of the municipal officials of any  
450 municipality that expands its limits, or of any community that  
451 incorporates as a municipality, to notify the commissioner of that  
452 action thirty (30) days before the effective date. Failure to so  
453 notify the commissioner shall cause the municipality to forfeit  
454 the revenue that it would have been entitled to receive during  
455 this period of time when the commissioner had no knowledge of the  
456 action. If any funds have been erroneously disbursed to any  
457 municipality or any overpayment of tax is recovered by the  
458 taxpayer, the commissioner may make correction and adjust the  
459 error or overpayment with the municipality by withholding the

460 necessary funds from any later payment to be made to the  
461 municipality.

462         **SECTION 3.** Nothing in this act shall affect or defeat any  
463 claim, assessment, appeal, suit, right or cause of action for  
464 taxes due or accrued under the sales tax laws before the date on  
465 which this act becomes effective, whether such claims,  
466 assessments, appeals, suits or actions have been begun before the  
467 date on which this act becomes effective or are begun thereafter;  
468 and the provisions of the sales tax laws are expressly continued  
469 in full force, effect and operation for the purpose of the  
470 assessment, collection and enrollment of liens for any taxes due  
471 or accrued and the execution of any warrant under such laws before  
472 the date on which this act becomes effective, and for the  
473 imposition of any penalties, forfeitures or claims for failure to  
474 comply with such laws.

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