

By: Representatives Snowden, Baker (74th)

To: Ways and Means

## HOUSE BILL NO. 796

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 AMEND SECTION 27-65-75, MISSISSIPPI CODE OF 1972, TO  
6 REVISE THE DIVERSION OF THE SALES TAX COLLECTED ON SUCH RETAIL  
7 SALES OF FOOD WITHIN A MUNICIPALITY; AND FOR RELATED PURPOSES.

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

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

11 27-65-17. (1) (a) Except as otherwise provided in this  
12 section, upon every person engaging or continuing within this  
13 state in the business of selling any tangible personal property  
14 whatsoever there is hereby levied, assessed and shall be collected  
15 a tax equal to seven percent (7%) of the gross proceeds of the  
16 retail sales of the business.

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

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

28 (i) Self-propelled, or

29                   (ii) Mounted so that it is permanently attached to  
30 other equipment which is self-propelled or permanently attached to  
31 other equipment drawn by a vehicle which is self-propelled.

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

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

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

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

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

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

57                   (iv) The enterprise shall manufacture plastics,  
58 chemicals, automobiles, aircraft, computers or electronics; or  
59 shall be a research and development facility, a computer design or  
60 related facility, or a software publishing facility or other

61 technology intensive facility or enterprise as determined by the  
62 Mississippi Development Authority;

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

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

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

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

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

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

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

94 (2) From and after January 1, 1995, retail sales of private  
95 carriers of passengers and light carriers of property, as defined  
96 in Section 27-51-101, shall be taxed an additional two percent  
97 (2%).

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

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

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

122 (6) From and after July 1, 2007, in lieu of the tax levied  
123 in subsection (1) of this section, retail sales of food for human  
124 consumption not purchased with food stamps issued by the United  
125 States Department of Agriculture, or other federal agency, but  
126 which would be exempt under Section 27-65-111(o) from the taxes

127 imposed by this chapter if the food were purchased with food  
128 stamps, shall be taxed as follows:

129 (a) From and after July 1, 2007, through June 30, 2008,  
130 such sales shall be taxed at the rate of six percent (6%);

131 (b) From and after July 1, 2008, through June 30, 2009,  
132 such sales shall be taxed at the rate of five percent (5%);

133 (c) From and after July 1, 2009, through June 30, 2010,  
134 such sales shall be taxed at the rate of four percent (4%);

135 (d) From and after July 1, 2010, through June 30, 2011,  
136 such sales shall be taxed at the rate of three percent (3%);

137 (e) From and after July 1, 2011, such sales shall be  
138 taxed at the rate of one percent (1%).

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

141 29-65-75. On or before the fifteenth day of each month, the  
142 revenue collected under the provisions of this chapter during the  
143 preceding month shall be paid and distributed as follows:

144 (1) On or before August 15, 1992, and each succeeding month  
145 thereafter through July 15, 1993, eighteen percent (18%) of the  
146 total sales tax revenue collected during the preceding month under  
147 the provisions of this chapter, except that collected under the  
148 provisions of Sections 27-65-15, 27-65-19(3) and 27-65-21, on  
149 business activities within a municipal corporation shall be  
150 allocated for distribution to the municipality and paid to the  
151 municipal corporation. On or before August 15, 1993, and each  
152 succeeding month thereafter through July 15, 2009, eighteen and  
153 one-half percent (18-1/2%) of the total sales tax revenue  
154 collected during the preceding month under the provisions of this  
155 chapter, except that collected under the provisions of Sections  
156 27-65-15, 27-65-19(3) and 27-65-21, on business activities within  
157 a municipal corporation shall be allocated for distribution to the  
158 municipality and paid to the municipal corporation. On or before  
159 August 15, 2009, and each succeeding month thereafter, through

160 July 15, 2010, eighteen and one-half percent (18-1/2%) of the  
161 total sales tax revenue collected during the preceding month under  
162 the provisions of this chapter, except that collected under the  
163 provisions of Sections 27-65-15, 27-65-19(3), 27-65-21 and  
164 27-65-17(6), on business activities within a municipal corporation  
165 and twenty-five percent (25%) of the sales tax revenue collected  
166 during the preceding month under the provisions of Section  
167 27-65-17(6) on business activities within a municipal corporation  
168 shall be allocated for distribution to such municipality and paid  
169 to such municipal corporation. On or before August 15, 2010, and  
170 each succeeding month thereafter, through July 15, 2011, eighteen  
171 and one-half percent (18-1/2%) of the total sales tax revenue  
172 collected during the preceding month under the provisions of this  
173 chapter, except that collected under the provisions of Sections  
174 27-65-15, 27-65-19(3), 27-65-21 and 27-65-17(6), on business  
175 activities within a municipal corporation and thirty-three and  
176 three hundred thirty-three one-thousandths percent (33.333%) of  
177 the sales tax revenue collected during the preceding month under  
178 the provisions of Section 27-65-17(6) on business activities  
179 within a municipal corporation shall be allocated for distribution  
180 to such municipality and paid to such municipal corporation. On  
181 or before August 15, 2011, and each succeeding month thereafter,  
182 eighteen and one-half percent (18-1/2%) of the total sales tax  
183 revenue collected during the preceding month under the provisions  
184 of this chapter, except that collected under the provisions of  
185 Sections 27-65-15, 27-65-19(3), 27-65-21 and 27-65-17(6), on  
186 business activities within a municipal corporation and all of the  
187 sales tax revenue collected during the preceding month under the  
188 provisions of Section 27-65-17(6) on business activities within a  
189 municipal corporation shall be allocated for distribution to such  
190 municipality and paid to such municipal corporation.

191           A municipal corporation, for the purpose of distributing the  
192 tax under this subsection, shall mean and include all incorporated  
193 cities, towns and villages.

194           Monies allocated for distribution and credited to a municipal  
195 corporation under this subsection may be pledged as security for a  
196 loan if the distribution received by the municipal corporation is  
197 otherwise authorized or required by law to be pledged as security  
198 for such a loan.

199           In any county having a county seat that is not an  
200 incorporated municipality, the distribution provided under this  
201 subsection shall be made as though the county seat was an  
202 incorporated municipality; however, the distribution to the  
203 municipality shall be paid to the county treasury in which the  
204 municipality is located, and those funds shall be used for road,  
205 bridge and street construction or maintenance in the county.

206           (2) On or before September 15, 1987, and each succeeding  
207 month thereafter, from the revenue collected under this chapter  
208 during the preceding month, One Million One Hundred Twenty-five  
209 Thousand Dollars (\$1,125,000.00) shall be allocated for  
210 distribution to municipal corporations as defined under subsection  
211 (1) of this section in the proportion that the number of gallons  
212 of gasoline and diesel fuel sold by distributors to consumers and  
213 retailers in each such municipality during the preceding fiscal  
214 year bears to the total gallons of gasoline and diesel fuel sold  
215 by distributors to consumers and retailers in municipalities  
216 statewide during the preceding fiscal year. The State Tax  
217 Commission shall require all distributors of gasoline and diesel  
218 fuel to report to the commission monthly the total number of  
219 gallons of gasoline and diesel fuel sold by them to consumers and  
220 retailers in each municipality during the preceding month. The  
221 State Tax Commission shall have the authority to promulgate such  
222 rules and regulations as is necessary to determine the number of  
223 gallons of gasoline and diesel fuel sold by distributors to

224 consumers and retailers in each municipality. In determining the  
225 percentage allocation of funds under this subsection for the  
226 fiscal year beginning July 1, 1987, and ending June 30, 1988, the  
227 State Tax Commission may consider gallons of gasoline and diesel  
228 fuel sold for a period of less than one (1) fiscal year. For the  
229 purposes of this subsection, the term "fiscal year" means the  
230 fiscal year beginning July 1 of a year.

231 (3) On or before September 15, 1987, and on or before the  
232 fifteenth day of each succeeding month, until the date specified  
233 in Section 65-39-35, the proceeds derived from contractors' taxes  
234 levied under Section 27-65-21 on contracts for the construction or  
235 reconstruction of highways designated under the highway program  
236 created under Section 65-3-97 shall, except as otherwise provided  
237 in Section 31-17-127, be deposited into the State Treasury to the  
238 credit of the State Highway Fund to be used to fund that highway  
239 program. The Mississippi Department of Transportation shall  
240 provide to the State Tax Commission such information as is  
241 necessary to determine the amount of proceeds to be distributed  
242 under this subsection.

243 (4) On or before August 15, 1994, and on or before the  
244 fifteenth day of each succeeding month through July 15, 1999, from  
245 the proceeds of gasoline, diesel fuel or kerosene taxes as  
246 provided in Section 27-5-101(a)(ii)1, Four Million Dollars  
247 (\$4,000,000.00) shall be deposited in the State Treasury to the  
248 credit of a special fund designated as the "State Aid Road Fund,"  
249 created by Section 65-9-17. On or before August 15, 1999, and on  
250 or before the fifteenth day of each succeeding month, from the  
251 total amount of the proceeds of gasoline, diesel fuel or kerosene  
252 taxes apportioned by Section 27-5-101(a)(ii)1, Four Million  
253 Dollars (\$4,000,000.00) or an amount equal to twenty-three and  
254 one-fourth percent (23-1/4%) of those funds, whichever is the  
255 greater amount, shall be deposited in the State Treasury to the  
256 credit of the "State Aid Road Fund," created by Section 65-9-17.

257 Those funds shall be pledged to pay the principal of and interest  
258 on state aid road bonds heretofore issued under Sections 19-9-51  
259 through 19-9-77, in lieu of and in substitution for the funds  
260 previously allocated to counties under this section. Those funds  
261 may not be pledged for the payment of any state aid road bonds  
262 issued after April 1, 1981; however, this prohibition against the  
263 pledging of any such funds for the payment of bonds shall not  
264 apply to any bonds for which intent to issue those bonds has been  
265 published, for the first time, as provided by law before March 29,  
266 1981. From the amount of taxes paid into the special fund under  
267 this subsection and subsection (9) of this section, there shall be  
268 first deducted and paid the amount necessary to pay the expenses  
269 of the Office of State Aid Road Construction, as authorized by the  
270 Legislature for all other general and special fund agencies. The  
271 remainder of the fund shall be allocated monthly to the several  
272 counties in accordance with the following formula:

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

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

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

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

286 The amount of funds allocated to any county under this  
287 subsection for any fiscal year after fiscal year 1994 shall not be  
288 less than the amount allocated to the county for fiscal year 1994.

289 Any reference in the general laws of this state or the  
290 Mississippi Code of 1972 to Section 27-5-105 shall mean and be  
291 construed to refer and apply to subsection (4) of Section  
292 27-65-75.

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

299 (6) An amount each month beginning August 15, 1983, through  
300 November 15, 1986, as specified in Section 6 of Chapter 542, Laws  
301 of 1983, shall be paid into the special fund known as the  
302 Correctional Facilities Construction Fund created in Section 6 of  
303 Chapter 542, Laws of 1983.

304 (7) On or before August 15, 1992, and each succeeding month  
305 thereafter through July 15, 2000, two and two hundred sixty-six  
306 one-thousandths percent (2.266%) of the total sales tax revenue  
307 collected during the preceding month under the provisions of this  
308 chapter, except that collected under the provisions of Section  
309 27-65-17(2) shall be deposited by the commission into the School  
310 Ad Valorem Tax Reduction Fund created under Section 37-61-35. On  
311 or before August 15, 2000, and each succeeding month thereafter,  
312 two and two hundred sixty-six one-thousandths percent (2.266%) of  
313 the total sales tax revenue collected during the preceding month  
314 under the provisions of this chapter, except that collected under  
315 the provisions of Section 27-65-17(2), shall be deposited into the  
316 School Ad Valorem Tax Reduction Fund created under Section  
317 37-61-35 until such time that the total amount deposited into the  
318 fund during a fiscal year equals Forty-two Million Dollars  
319 (\$42,000,000.00). Thereafter, the amounts diverted under this  
320 subsection (7) during the fiscal year in excess of Forty-two  
321 Million Dollars (\$42,000,000.00) shall be deposited into the

322 Education Enhancement Fund created under Section 37-61-33 for  
323 appropriation by the Legislature as other education needs and  
324 shall not be subject to the percentage appropriation requirements  
325 set forth in Section 37-61-33.

326 (8) On or before August 15, 1992, and each succeeding month  
327 thereafter, nine and seventy-three one-thousandths percent  
328 (9.073%) of the total sales tax revenue collected during the  
329 preceding month under the provisions of this chapter, except that  
330 collected under the provisions of Section 27-65-17(2), shall be  
331 deposited into the Education Enhancement Fund created under  
332 Section 37-61-33.

333 (9) On or before August 15, 1994, and each succeeding month  
334 thereafter, from the revenue collected under this chapter during  
335 the preceding month, Two Hundred Fifty Thousand Dollars  
336 (\$250,000.00) shall be paid into the State Aid Road Fund.

337 (10) On or before August 15, 1994, and each succeeding month  
338 thereafter through August 15, 1995, from the revenue collected  
339 under this chapter during the preceding month, Two Million Dollars  
340 (\$2,000,000.00) shall be deposited into the Motor Vehicle Ad  
341 Valorem Tax Reduction Fund established in Section 27-51-105.

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

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

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

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

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

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

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

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

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

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

402 (19) (a) On or before August 15, 2005, and each succeeding  
403 month thereafter, the sales tax revenue collected during the  
404 preceding month under the provisions of this chapter on the gross  
405 proceeds of sales of a business enterprise located within a  
406 redevelopment project area under the provisions of Sections  
407 57-91-1 through 57-91-11, and the revenue collected on the gross  
408 proceeds of sales from sales made to a business enterprise located  
409 in a redevelopment project area under the provisions of Sections  
410 57-91-1 through 57-91-11 (provided that such sales made to a  
411 business enterprise are made on the premises of the business  
412 enterprise), shall, except as otherwise provided in this  
413 subsection (19), be deposited, after all diversions, into the  
414 Redevelopment Project Incentive Fund as created in Section  
415 57-91-9.

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

420 enterprise located within a redevelopment project area under the  
421 provisions of Sections 57-91-1 through 57-91-11, and attributable  
422 to the gross proceeds of sales from sales made to a business  
423 enterprise located in a redevelopment project area under the  
424 provisions of Sections 57-91-1 through 57-91-11 (provided that  
425 such sales made to a business enterprise are made on the premises  
426 of the business enterprise), shall be deposited into the  
427 Redevelopment Project Incentive Fund as created in Section  
428 57-91-9, as follows:

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

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

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

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

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

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

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

453 incorporates as a municipality, to notify the commissioner of that  
454 action thirty (30) days before the effective date. Failure to so  
455 notify the commissioner shall cause the municipality to forfeit  
456 the revenue that it would have been entitled to receive during  
457 this period of time when the commissioner had no knowledge of the  
458 action. If any funds have been erroneously disbursed to any  
459 municipality or any overpayment of tax is recovered by the  
460 taxpayer, the commissioner may make correction and adjust the  
461 error or overpayment with the municipality by withholding the  
462 necessary funds from any later payment to be made to the  
463 municipality.

464       **SECTION 3.** This act shall take effect and be in force from  
465 and after July 1, 2006.