

By: Representatives Martinson, Akins

To: Ways and Means

HOUSE BILL NO. 1284

1 AN ACT TO AMEND SECTION 27-65-75, MISSISSIPPI CODE OF 1972,  
2 TO INCREASE FROM EIGHTEEN AND ONE-HALF TO TWENTY AND ONE-HALF THE  
3 PERCENTAGE OF TOTAL SALES TAX REVENUE COLLECTED IN THE STATE THAT  
4 IS DIVERTED TO MUNICIPALITIES WITHIN THE STATE; AND FOR RELATED  
5 PURPOSES.

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

7 **SECTION 1.** Section 27-65-75, Mississippi Code of 1972, is  
8 amended as follows:

9 27-65-75. On or before the fifteenth day of each month, the  
10 revenue collected under the provisions of this chapter during the  
11 preceding month shall be paid and distributed as follows:

12 (1) On or before August 15, 1992, and each succeeding month  
13 thereafter through July 15, 1993, eighteen percent (18%) of the  
14 total sales tax revenue collected during the preceding month under  
15 the provisions of this chapter, except that collected under the  
16 provisions of Sections 27-65-15, 27-65-19(3) and 27-65-21, on  
17 business activities within a municipal corporation shall be  
18 allocated for distribution to the municipality and paid to the  
19 municipal corporation. On or before August 15, 1993, and each  
20 succeeding month thereafter through July 15, 2006, eighteen and  
21 one-half percent (18-1/2%) of the total sales tax revenue  
22 collected during the preceding month under the provisions of this  
23 chapter, except that collected under the provisions of Sections  
24 27-65-15, 27-65-19(3) and 27-65-21, on business activities within  
25 a municipal corporation shall be allocated for distribution to the  
26 municipality and paid to the municipal corporation. On or before  
27 August 15, 2006, and each succeeding month thereafter, twenty and  
28 one-half percent (20-1/2%) of the total sales tax revenue

29 collected during the preceding month under the provisions of this  
30 chapter, except that collected under the provisions of Sections  
31 27-65-15, 27-65-19(3) and 27-65-21, on business activities within  
32 a municipal corporation shall be allocated for distribution to the  
33 municipality and paid to the municipal corporation. A municipal  
34 corporation, for the purpose of distributing the tax under this  
35 subsection, shall mean and include all incorporated cities, towns  
36 and villages.

37 Monies allocated for distribution and credited to a municipal  
38 corporation under this subsection may be pledged as security for a  
39 loan if the distribution received by the municipal corporation is  
40 otherwise authorized or required by law to be pledged as security  
41 for such a loan.

42 In any county having a county seat that is not an  
43 incorporated municipality, the distribution provided under this  
44 subsection shall be made as though the county seat was an  
45 incorporated municipality; however, the distribution to the  
46 municipality shall be paid to the county treasury in which the  
47 municipality is located, and those funds shall be used for road,  
48 bridge and street construction or maintenance in the county.

49 (2) On or before September 15, 1987, and each succeeding  
50 month thereafter, from the revenue collected under this chapter  
51 during the preceding month, One Million One Hundred Twenty-five  
52 Thousand Dollars (\$1,125,000.00) shall be allocated for  
53 distribution to municipal corporations as defined under subsection  
54 (1) of this section in the proportion that the number of gallons  
55 of gasoline and diesel fuel sold by distributors to consumers and  
56 retailers in each such municipality during the preceding fiscal  
57 year bears to the total gallons of gasoline and diesel fuel sold  
58 by distributors to consumers and retailers in municipalities  
59 statewide during the preceding fiscal year. The State Tax  
60 Commission shall require all distributors of gasoline and diesel  
61 fuel to report to the commission monthly the total number of

62 gallons of gasoline and diesel fuel sold by them to consumers and  
63 retailers in each municipality during the preceding month. The  
64 State Tax Commission shall have the authority to promulgate such  
65 rules and regulations as is necessary to determine the number of  
66 gallons of gasoline and diesel fuel sold by distributors to  
67 consumers and retailers in each municipality. In determining the  
68 percentage allocation of funds under this subsection for the  
69 fiscal year beginning July 1, 1987, and ending June 30, 1988, the  
70 State Tax Commission may consider gallons of gasoline and diesel  
71 fuel sold for a period of less than one (1) fiscal year. For the  
72 purposes of this subsection, the term "fiscal year" means the  
73 fiscal year beginning July 1 of a year.

74 (3) On or before September 15, 1987, and on or before the  
75 fifteenth day of each succeeding month, until the date specified  
76 in Section 65-39-35, the proceeds derived from contractors' taxes  
77 levied under Section 27-65-21 on contracts for the construction or  
78 reconstruction of highways designated under the highway program  
79 created under Section 65-3-97 shall, except as otherwise provided  
80 in Section 31-17-127, be deposited into the State Treasury to the  
81 credit of the State Highway Fund to be used to fund that highway  
82 program. The Mississippi Department of Transportation shall  
83 provide to the State Tax Commission such information as is  
84 necessary to determine the amount of proceeds to be distributed  
85 under this subsection.

86 (4) On or before August 15, 1994, and on or before the  
87 fifteenth day of each succeeding month through July 15, 1999, from  
88 the proceeds of gasoline, diesel fuel or kerosene taxes as  
89 provided in Section 27-5-101(a)(ii)1, Four Million Dollars  
90 (\$4,000,000.00) shall be deposited in the State Treasury to the  
91 credit of a special fund designated as the "State Aid Road Fund,"  
92 created by Section 65-9-17. On or before August 15, 1999, and on  
93 or before the fifteenth day of each succeeding month, from the  
94 total amount of the proceeds of gasoline, diesel fuel or kerosene

95 taxes apportioned by Section 27-5-101(a)(ii)1, Four Million  
96 Dollars (\$4,000,000.00) or an amount equal to twenty-three and  
97 one-fourth percent (23-1/4%) of those funds, whichever is the  
98 greater amount, shall be deposited in the State Treasury to the  
99 credit of the "State Aid Road Fund," created by Section 65-9-17.  
100 Those funds shall be pledged to pay the principal of and interest  
101 on state aid road bonds heretofore issued under Sections 19-9-51  
102 through 19-9-77, in lieu of and in substitution for the funds  
103 previously allocated to counties under this section. Those funds  
104 may not be pledged for the payment of any state aid road bonds  
105 issued after April 1, 1981; however, this prohibition against the  
106 pledging of any such funds for the payment of bonds shall not  
107 apply to any bonds for which intent to issue those bonds has been  
108 published, for the first time, as provided by law before March 29,  
109 1981. From the amount of taxes paid into the special fund under  
110 this subsection and subsection (9) of this section, there shall be  
111 first deducted and paid the amount necessary to pay the expenses  
112 of the Office of State Aid Road Construction, as authorized by the  
113 Legislature for all other general and special fund agencies. The  
114 remainder of the fund shall be allocated monthly to the several  
115 counties in accordance with the following formula:

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

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

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

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

129 The amount of funds allocated to any county under this  
130 subsection for any fiscal year after fiscal year 1994 shall not be  
131 less than the amount allocated to the county for fiscal year 1994.

132 Any reference in the general laws of this state or the  
133 Mississippi Code of 1972 to Section 27-5-105 shall mean and be  
134 construed to refer and apply to subsection (4) of Section  
135 27-65-75.

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

142 (6) An amount each month beginning August 15, 1983, through  
143 November 15, 1986, as specified in Section 6 of Chapter 542, Laws  
144 of 1983, shall be paid into the special fund known as the  
145 Correctional Facilities Construction Fund created in Section 6 of  
146 Chapter 542, Laws of 1983.

147 (7) On or before August 15, 1992, and each succeeding month  
148 thereafter through July 15, 2000, two and two hundred sixty-six  
149 one-thousandths percent (2.266%) of the total sales tax revenue  
150 collected during the preceding month under the provisions of this  
151 chapter, except that collected under the provisions of Section  
152 27-65-17(2) shall be deposited by the commission into the School  
153 Ad Valorem Tax Reduction Fund created under Section 37-61-35. On  
154 or before August 15, 2000, and each succeeding month thereafter,  
155 two and two hundred sixty-six one-thousandths percent (2.266%) of  
156 the total sales tax revenue collected during the preceding month  
157 under the provisions of this chapter, except that collected under  
158 the provisions of Section 27-65-17(2), shall be deposited into the

159 School Ad Valorem Tax Reduction Fund created under Section  
160 37-61-35 until such time that the total amount deposited into the  
161 fund during a fiscal year equals Forty-two Million Dollars  
162 (\$42,000,000.00). Thereafter, the amounts diverted under this  
163 subsection (7) during the fiscal year in excess of Forty-two  
164 Million Dollars (\$42,000,000.00) shall be deposited into the  
165 Education Enhancement Fund created under Section 37-61-33 for  
166 appropriation by the Legislature as other education needs and  
167 shall not be subject to the percentage appropriation requirements  
168 set forth in Section 37-61-33.

169 (8) On or before August 15, 1992, and each succeeding month  
170 thereafter, nine and seventy-three one-thousandths percent  
171 (9.073%) of the total sales tax revenue collected during the  
172 preceding month under the provisions of this chapter, except that  
173 collected under the provisions of Section 27-65-17(2), shall be  
174 deposited into the Education Enhancement Fund created under  
175 Section 37-61-33.

176 (9) On or before August 15, 1994, and each succeeding month  
177 thereafter, from the revenue collected under this chapter during  
178 the preceding month, Two Hundred Fifty Thousand Dollars  
179 (\$250,000.00) shall be paid into the State Aid Road Fund.

180 (10) On or before August 15, 1994, and each succeeding month  
181 thereafter through August 15, 1995, from the revenue collected  
182 under this chapter during the preceding month, Two Million Dollars  
183 (\$2,000,000.00) shall be deposited into the Motor Vehicle Ad  
184 Valorem Tax Reduction Fund established in Section 27-51-105.

185 (11) Notwithstanding any other provision of this section to  
186 the contrary, on or before February 15, 1995, and each succeeding  
187 month thereafter, the sales tax revenue collected during the  
188 preceding month under the provisions of Section 27-65-17(2) and  
189 the corresponding levy in Section 27-65-23 on the rental or lease  
190 of private carriers of passengers and light carriers of property  
191 as defined in Section 27-51-101 shall be deposited, without

192 diversion, into the Motor Vehicle Ad Valorem Tax Reduction Fund  
193 established in Section 27-51-105.

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

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

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

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

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

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

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

245           (19) (a) On or before August 15, 2005, and each succeeding  
246 month thereafter, the sales tax revenue collected during the  
247 preceding month under the provisions of this chapter on the gross  
248 proceeds of sales of a business enterprise located within a  
249 redevelopment project area under the provisions of Sections  
250 57-91-1 through 57-91-11, and the revenue collected on the gross  
251 proceeds of sales from sales made to a business enterprise located  
252 in a redevelopment project area under the provisions of Sections  
253 57-91-1 through 57-91-11 (provided that such sales made to a  
254 business enterprise are made on the premises of the business  
255 enterprise), shall, except as otherwise provided in this  
256 subsection (19), be deposited, after all diversions, into the



257 Redevelopment Project Incentive Fund as created in Section  
258 57-91-9.

259           (b) For a municipality participating in the Economic  
260 Redevelopment Act created in Sections 57-91-1 through 57-91-11,  
261 the diversion provided for in subsection (1) of this section  
262 attributable to the gross proceeds of sales of a business  
263 enterprise located within a redevelopment project area under the  
264 provisions of Sections 57-91-1 through 57-91-11, and attributable  
265 to the gross proceeds of sales from sales made to a business  
266 enterprise located in a redevelopment project area under the  
267 provisions of Sections 57-91-1 through 57-91-11 (provided that  
268 such sales made to a business enterprise are made on the premises  
269 of the business enterprise), shall be deposited into the  
270 Redevelopment Project Incentive Fund as created in Section  
271 57-91-9, as follows:

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

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

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

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

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

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

294           (21) It shall be the duty of the municipal officials of any  
295 municipality that expands its limits, or of any community that  
296 incorporates as a municipality, to notify the commissioner of that  
297 action thirty (30) days before the effective date. Failure to so  
298 notify the commissioner shall cause the municipality to forfeit  
299 the revenue that it would have been entitled to receive during  
300 this period of time when the commissioner had no knowledge of the  
301 action. If any funds have been erroneously disbursed to any  
302 municipality or any overpayment of tax is recovered by the  
303 taxpayer, the commissioner may make correction and adjust the  
304 error or overpayment with the municipality by withholding the  
305 necessary funds from any later payment to be made to the  
306 municipality.

307           **SECTION 2.** This act shall take effect and be in force from  
308 and after July 1, 2006.