

By: Senator(s) Morgan

To: Fees, Salaries and Administration

SENATE BILL NO. 2721

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

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

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

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

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

323 27-51-107. (1) On or before February 10, 1995, and the
324 tenth day of each succeeding month thereafter, the State Tax
325 Commission shall make payments from the Motor Vehicle Ad Valorem
326 Tax Reduction Fund established in Section 27-51-105 to the county
327 tax collectors for distribution to the local taxing districts as
328 reimbursement for motor vehicle ad valorem taxes that are lost
329 during the preceding month as a result of the ad valorem tax
330 credit for private carriers of passengers and light carriers of
331 property that is provided for by Section 27-51-103. The amount
332 that each local taxing district will receive for each month under
333 this subsection shall be determined by the State Tax Commission
334 based on documentation provided by the tax collectors under
335 guidelines established by the commission.

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

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

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

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

365 **SECTION 4.** Section 27-65-75, Mississippi Code of 1972, is
366 amended as follows:

367 27-65-75. On or before the fifteenth day of each month, the
368 revenue collected under the provisions of this chapter during the
369 preceding month shall be paid and distributed as follows:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

674 **SECTION 5.** This act shall take effect and be in force from
675 and after July 1, 2006.