

By: Representative Moore

To: Ways and Means

HOUSE BILL NO. 1075

1 AN ACT TO AMEND SECTION 27-35-50, MISSISSIPPI CODE OF 1972,
2 TO PROVIDE THAT IN DETERMINING THE TRUE VALUE OF CLASS I PROPERTY
3 THAT IS HOMESTEAD PROPERTY, THE TRUE VALUE PLACED ON SUCH PROPERTY
4 SHALL NOT BE INCREASED ABOVE THE VALUE OF THE PROPERTY FOR THE
5 PRECEDING YEAR IF TITLE TO THE PROPERTY HAS NOT CHANGED FROM THE
6 PRECEDING YEAR; TO PROVIDE THAT SUCH VALUE SHALL NOT CHANGE UNLESS
7 TITLE TO THE PROPERTY CHANGES BY SALE OR ANY OTHER MEANS OF
8 TRANSFER; TO PROVIDE THAT IF TITLE TO THE PROPERTY CHANGES BY
9 SALE, THE TRUE VALUE OF THE PROPERTY WILL BE THE AMOUNT FOR WHICH
10 THE PROPERTY WAS SOLD AND THAT IF TITLE TO THE PROPERTY CHANGES BY
11 SOME MEANS OTHER THAN SALE, THE TRUE VALUE WILL BE DETERMINED IN
12 THE MANNER AS OTHERWISE PROVIDED BY LAW; AND FOR RELATED PURPOSES.

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

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

16 27-35-50. (1) True value shall mean and include, but shall
17 not be limited to, market value, cash value, actual cash value,
18 proper value and value for the purposes of appraisal for ad
19 valorem taxation.

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

32 (3) Except as otherwise provided in subsection (4) of this
33 section, in determining the true value of land and improvements
34 thereon, factors to be taken into consideration are the proximity
35 to navigation; to a highway; to a railroad; to a city, town,
36 village or road; and any other circumstances that tend to affect
37 its value, and not what it might bring at a forced sale but what
38 the owner would be willing to accept and would expect to receive
39 for it if he were disposed to sell it to another able and willing
40 to buy.

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

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

65 or the raising of livestock and poultry; however, enrollment in
66 the federal Conservation Reserve Program or in any other United
67 States Department of Agriculture conservation program shall not
68 preclude land being deemed to be used for agricultural purposes
69 solely on the ground that the land is not being devoted to the
70 production of commercial products of the soil, and income derived
71 from participation in the federal program may be used in
72 combination with other relevant criteria to determine the true
73 value of such land. The true value of aquaculture shall be
74 determined in the same manner as that used to determine the true
75 value of row crops.

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

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

96 (i) "Affordable rental housing" means residential
97 housing consisting of one or more rental units, the construction

98 and/or rental of which is subject to Section 42 of the Internal
99 Revenue Code (26 USC 42), the Home Investment Partnership Program
100 under the Cranston-Gonzalez National Affordable Housing Act (42
101 USC 12741 et seq.), the Federal Home Loan Banks Affordable Housing
102 Program established pursuant to the Financial Institutions Reform,
103 Recovery and Enforcement Act (FIRREA) of 1989 (Public Law 101-73),
104 or any other federal, state or similar program intended to provide
105 affordable housing to persons of low or moderate income and the
106 occupancy and maximum rental rates of such housing are restricted
107 based on the income of the persons occupying such housing.

108 (ii) "Land use regulation" means a restriction
109 imposed by an extended low-income housing agreement or other
110 covenant recorded in the applicable land records or by applicable
111 law or regulation restricting the maximum income of residents
112 and/or the maximum rental rate in the affordable rental housing.

113 (e) Beginning with the 2008 calendar year, and for each
114 calendar year thereafter, in arriving at the true value of Class I
115 property that is homestead property, as defined in Section
116 27-33-19, the value placed on such property shall not be increased
117 above the value of the property for the preceding year if title to
118 the property has not changed from the preceding year, and such
119 value shall not change unless title to the property changes by
120 sale or any other means of transfer. If the title to the property
121 changes by reason of sale, the true value of the property will be
122 the amount for which the property was sold. If title to the
123 property changes by some means other than sale, the true value
124 will be determined in the manner as otherwise provided in this
125 section.

126 (5) The true value of each class of property shall be
127 determined annually.

128 (6) The State Tax Commission shall have the power to adopt,
129 amend or repeal such rules or regulations in a manner consistent

130 with the Constitution of the State of Mississippi to implement the
131 duties assigned to the commission in this section.

132 **SECTION 2.** This act shall take effect and be in force from
133 and after July 1, 2007.