

By: Representatives Lane, Scott, Cockerham,
Evans, Fillingane, Fleming, Ishee, Myers,
Robinson (84th), Shows, Smith (27th),
Staples, Stringer, Watson, Mims, Walley

To: Oil, Gas and Other
Minerals; Ways and Means

HOUSE BILL NO. 1217

1 AN ACT TO AMEND SECTION 27-25-505, MISSISSIPPI CODE OF 1972,
2 TO REVISE THE MANNER IN WHICH OIL SEVERANCE TAXES ARE DISTRIBUTED
3 TO THE STATE AND THE COUNTY IN WHICH THE OIL WAS PRODUCED; AND FOR
4 RELATED PURPOSES.

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

6 **SECTION 1.** Section 27-25-505, Mississippi Code of 1972, is
7 amended as follows:

8 **[With regard to any county which is exempt from the**
9 **provisions of Section 19-2-3, this section shall read as follows:]**

10 27-25-505. All taxes herein levied and collected by the
11 State Tax Commission shall be paid into the State Treasury on the
12 same day collected. The commissioner shall apportion all such tax
13 collections to the state and to the county in which the oil was
14 produced, in accordance with the following schedule and so certify
15 such apportionment to the State Treasurer at the end of each
16 month:

17 On the first Six Hundred Thousand Dollars (\$600,000.00) or
18 any part thereof, sixty-six and two-thirds percent (66-2/3%) to
19 the state and thirty-three and one-third percent (33-1/3%) to the
20 county.

21 On the next Six Hundred Thousand Dollars (\$600,000.00) or any
22 part thereof, ninety percent (90%) to the state and ten percent
23 (10%) to the county through June 30, 1989; eighty-five percent
24 (85%) to the state and fifteen percent (15%) to the county from
25 July 1, 1989, through June 30, 1990; and eighty percent (80%) to
26 the state and twenty percent (20%) to the county for each fiscal
27 year thereafter.

28 Above and exceeding One Million Two Hundred Thousand Dollars
29 (\$1,200,000.00), ninety-five percent (95%) to the state and five
30 percent (5%) to the county through June 30, 1989; ninety percent
31 (90%) to the state and ten percent (10%) to the county from July
32 1, 1989, through June 30, 1990; * * * eighty-five percent (85%) to
33 the state and fifteen percent (15%) to the county from July 1,
34 1990, through June 30, 2007; eighty percent (80%) to the state and
35 twenty percent (20%) to the county from July 1, 2007, through June
36 30, 2008; seventy-five percent (75%) to the state and twenty-five
37 percent (25%) to the county from July 1, 2008, through June 30,
38 2009; seventy percent (70%) to the state and thirty percent (30%)
39 to the county from July 1, 2009, through June 30, 2010; and
40 sixty-six and two-thirds percent (66-2/3%) to the state and
41 thirty-three and one-third percent (33-1/3%) to the county for
42 each fiscal year thereafter.

43 The state's share of all oil severance taxes collected
44 pursuant to this section shall be deposited as provided for in
45 Section 27-25-506.

46 The State Treasurer shall remit the county's share of said
47 funds on or before the twentieth day of the month next succeeding
48 the month in which such collections were made, for division among
49 the municipalities and taxing districts of the county. He shall
50 accompany his remittance with a report to the county receiving
51 such funds prepared by the commissioner showing from whom said tax
52 was collected. Upon receipt of said funds, the board of
53 supervisors of said county shall allocate the same to the
54 municipalities and to the various maintenance and bond and
55 interest funds of the county, school districts, supervisors
56 districts and road districts, as hereinafter provided.

57 When there shall be any oil producing properties within the
58 corporate limits of any municipality, then such municipality shall
59 participate in the division of the tax returned to the county in
60 which the municipality is located, in the proportion which the tax

61 on production of oil from any properties located within the
62 municipal corporate limits bears to the tax on the total
63 production of oil in the county. In no event, however, shall the
64 amount allocated to municipalities exceed one-third (1/3) of the
65 tax produced in the municipality and returned to the county. Any
66 amount received by any municipality as a result of the allocation
67 herein provided shall be used only for such purposes as are
68 authorized by law.

69 The balance remaining of any amount of tax returned to the
70 county after the allocation to municipalities shall be divided
71 among the various maintenance and bond interest funds of the
72 county, school districts, supervisors districts and road
73 districts, in the discretion of the board of supervisors, and such
74 board shall make the division in consideration of the needs of the
75 various taxing districts. The funds so allocated shall be used
76 only for purposes as are authorized by law.

77 **[With regard to any county which is required to operate on a**
78 **countywide system of road administration as described in Section**
79 **19-2-3, this section shall read as follows:]**

80 27-25-505. All taxes herein levied and collected by the
81 State Tax Commission shall be paid into the State Treasury on the
82 same day collected. The commissioner shall apportion all such tax
83 collections to the state and to the county in which the oil was
84 produced, in accordance with the following schedule and so certify
85 such apportionment to the State Treasurer at the end of each
86 month:

87 On the first Six Hundred Thousand Dollars (\$600,000.00) or
88 any part thereof, sixty-six and two-thirds percent (66-2/3%) to
89 the state and thirty-three and one-third percent (33-1/3%) to the
90 county.

91 On the next Six Hundred Thousand Dollars (\$600,000.00) or any
92 part thereof, ninety percent (90%) to the state and ten percent
93 (10%) to the county through June 30, 1989; eighty-five percent

94 (85%) to the state and fifteen percent (15%) to the county from
95 July 1, 1989, through June 30, 1990; and eighty percent (80%) to
96 the state and twenty percent (20%) to the county for each fiscal
97 year thereafter.

98 Above and exceeding One Million Two Hundred Thousand Dollars
99 (\$1,200,000.00), ninety-five percent (95%) to the state and five
100 percent (5%) to the county through June 30, 1989; ninety percent
101 (90%) to the state and ten percent (10%) to the county from July
102 1, 1989, through June 30, 1990; * * * eighty-five percent (85%) to
103 the state and fifteen percent (15%) to the county from July 1,
104 1990, through June 30, 2007; eighty percent (80%) to the state and
105 twenty percent (20%) to the county from July 1, 2007, through June
106 30, 2008; seventy-five percent (75%) to the state and twenty-five
107 percent (25%) to the county from July 1, 2008, through June 30,
108 2009; seventy percent (70%) to the state and thirty percent (30%)
109 to the county from July 1, 2009, through June 30, 2010; and
110 sixty-six and two-thirds percent (66-2/3%) to the state and
111 thirty-three and one-third percent (33-1/3%) to the county for
112 each fiscal year thereafter.

113 The state's share of all oil severance taxes collected
114 pursuant to this section shall be deposited as provided for in
115 Section 27-25-506.

116 The State Treasurer shall remit the county's share of said
117 funds on or before the twentieth day of the month next succeeding
118 the month in which such collections were made, for division among
119 the municipalities and taxing districts of the county. He shall
120 accompany his remittance with a report to the county receiving
121 such funds prepared by the commissioner showing from whom said tax
122 was collected. Upon receipt of said funds, the board of
123 supervisors of said county shall allocate the same to the
124 municipalities and to the various maintenance and bond and
125 interest funds of the county and school districts, as hereinafter
126 provided.

127 When there shall be any oil producing properties within the
128 corporate limits of any municipality, then such municipality shall
129 participate in the division of the tax returned to the county in
130 which the municipality is located, in the proportion which the tax
131 on production of oil from any properties located within the
132 municipal corporate limits bears to the tax on the total
133 production of oil in the county. In no event, however, shall the
134 amount allocated to municipalities exceed one-third (1/3) of the
135 tax produced in the municipality and returned to the county. Any
136 amount received by any municipality as a result of the allocation
137 herein provided shall be used only for such purposes as are
138 authorized by law.

139 The balance remaining of any amount of tax returned to the
140 county after the allocation to municipalities shall be divided
141 among the various maintenance and bond interest funds of the
142 county and school districts, in the discretion of the board of
143 supervisors, and such board shall make the division in
144 consideration of the needs of the various taxing districts. The
145 funds so allocated shall be used only for purposes as are
146 authorized by law.

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