

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
(As Passed the House)

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 **Through June 30, 2008, with regard to any county which is**
9 **exempt from the provisions of Section 19-2-3, this section shall**
10 **read as follows:]**

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

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

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

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

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

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

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

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

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

78 **[Through June 30, 2008, with regard to any county which is**
79 **required to operate on a countywide system of road administration**
80 **as described in Section 19-2-3, this section shall read as**
81 **follows:]**

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

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

93 On the next Six Hundred Thousand Dollars (\$600,000.00) or any
94 part thereof, ninety percent (90%) to the state and ten percent

95 (10%) to the county through June 30, 1989; eighty-five percent
96 (85%) to the state and fifteen percent (15%) to the county from
97 July 1, 1989, through June 30, 1990; and eighty percent (80%) to
98 the state and twenty percent (20%) to the county for each fiscal
99 year thereafter.

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

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

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

127 interest funds of the county and school districts, as hereinafter
128 provided.

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

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

149 [From and after July 1, 2008, with regard to any county which
150 is exempt from the provisions of Section 19-2-3, this section
151 shall read as follows:]

152 27-25-505. All taxes herein levied and collected by the
153 State Tax Commission shall be paid into the State Treasury on the
154 same day collected. The commissioner shall apportion all such tax
155 collections to the state and to the county in which the oil was
156 produced, in accordance with the following schedule and so certify
157 such apportionment to the State Treasurer at the end of each
158 month:

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

163 On the next Six Hundred Thousand Dollars (\$600,000.00) or any
164 part thereof, ninety percent (90%) to the state and ten percent
165 (10%) to the county through June 30, 1989; eighty-five percent
166 (85%) to the state and fifteen percent (15%) to the county from
167 July 1, 1989, through June 30, 1990; and eighty percent (80%) to
168 the state and twenty percent (20%) to the county for each fiscal
169 year thereafter.

170 Above and exceeding One Million Two Hundred Thousand Dollars
171 (\$1,200,000.00), ninety-five percent (95%) to the state and five
172 percent (5%) to the county through June 30, 1989; ninety percent
173 (90%) to the state and ten percent (10%) to the county from July
174 1, 1989, through June 30, 1990; and eighty-five percent (85%) to
175 the state and fifteen percent (15%) to the county for each fiscal
176 year thereafter.

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

180 The State Treasurer shall remit the county's share of said
181 funds on or before the twentieth day of the month next succeeding
182 the month in which such collections were made, for division among
183 the municipalities and taxing districts of the county. He shall
184 accompany his remittance with a report to the county receiving
185 such funds prepared by the commissioner showing from whom said tax
186 was collected. Upon receipt of said funds, the board of
187 supervisors of said county shall allocate the same to the
188 municipalities and to the various maintenance and bond and
189 interest funds of the county, school districts, supervisors
190 districts and road districts, as hereinafter provided.

191 When there shall be any oil producing properties within the
192 corporate limits of any municipality, then such municipality shall
193 participate in the division of the tax returned to the county in
194 which the municipality is located, in the proportion which the tax
195 on production of oil from any properties located within the
196 municipal corporate limits bears to the tax on the total
197 production of oil in the county. In no event, however, shall the
198 amount allocated to municipalities exceed one-third (1/3) of the
199 tax produced in the municipality and returned to the county. Any
200 amount received by any municipality as a result of the allocation
201 herein provided shall be used only for such purposes as are
202 authorized by law.

203 The balance remaining of any amount of tax returned to the
204 county after the allocation to municipalities shall be divided
205 among the various maintenance and bond interest funds of the
206 county, school districts, supervisors districts and road
207 districts, in the discretion of the board of supervisors, and such
208 board shall make the division in consideration of the needs of the
209 various taxing districts. The funds so allocated shall be used
210 only for purposes as are authorized by law.

211 **[From and after July 1, 2008, with regard to any county which**
212 **is required to operate on a countywide system of road**
213 **administration as described in Section 19-2-3, this section shall**
214 **read as follows:]**

215 27-25-505. All taxes herein levied and collected by the
216 State Tax Commission shall be paid into the State Treasury on the
217 same day collected. The commissioner shall apportion all such tax
218 collections to the state and to the county in which the oil was
219 produced, in accordance with the following schedule and so certify
220 such apportionment to the State Treasurer at the end of each
221 month:

222 On the first Six Hundred Thousand Dollars (\$600,000.00) or
223 any part thereof, sixty-six and two-thirds percent (66-2/3%) to

224 the state and thirty-three and one-third percent (33-1/3%) to the
225 county.

226 On the next Six Hundred Thousand Dollars (\$600,000.00) or any
227 part thereof, ninety percent (90%) to the state and ten percent
228 (10%) to the county through June 30, 1989; eighty-five percent
229 (85%) to the state and fifteen percent (15%) to the county from
230 July 1, 1989, through June 30, 1990; and eighty percent (80%) to
231 the state and twenty percent (20%) to the county for each fiscal
232 year thereafter.

233 Above and exceeding One Million Two Hundred Thousand Dollars
234 (\$1,200,000.00), ninety-five percent (95%) to the state and five
235 percent (5%) to the county through June 30, 1989; ninety percent
236 (90%) to the state and ten percent (10%) to the county from July
237 1, 1989, through June 30, 1990; and eighty-five percent (85%) to
238 the state and fifteen percent (15%) to the county for each fiscal
239 year thereafter.

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

243 The State Treasurer shall remit the county's share of said
244 funds on or before the twentieth day of the month next succeeding
245 the month in which such collections were made, for division among
246 the municipalities and taxing districts of the county. He shall
247 accompany his remittance with a report to the county receiving
248 such funds prepared by the commissioner showing from whom said tax
249 was collected. Upon receipt of said funds, the board of
250 supervisors of said county shall allocate the same to the
251 municipalities and to the various maintenance and bond and
252 interest funds of the county and school districts, as hereinafter
253 provided.

254 When there shall be any oil producing properties within the
255 corporate limits of any municipality, then such municipality shall
256 participate in the division of the tax returned to the county in

257 which the municipality is located, in the proportion which the tax
258 on production of oil from any properties located within the
259 municipal corporate limits bears to the tax on the total
260 production of oil in the county. In no event, however, shall the
261 amount allocated to municipalities exceed one-third (1/3) of the
262 tax produced in the municipality and returned to the county. Any
263 amount received by any municipality as a result of the allocation
264 herein provided shall be used only for such purposes as are
265 authorized by law.

266 The balance remaining of any amount of tax returned to the
267 county after the allocation to municipalities shall be divided
268 among the various maintenance and bond interest funds of the
269 county and school districts, in the discretion of the board of
270 supervisors, and such board shall make the division in
271 consideration of the needs of the various taxing districts. The
272 funds so allocated shall be used only for purposes as are
273 authorized by law.

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