

By: Representatives Dixon, Monsour

To: Accountability,  
Efficiency, Transparency;  
Revenue and Expenditure  
General Bills

HOUSE BILL NO. 167

1 AN ACT TO AMEND SECTION 27-65-75, MISSISSIPPI CODE OF 1972,  
2 TO PROVIDE THAT IF A MUNICIPALITY FAILS TO COMPLY WITH THE  
3 REQUIREMENT FOR AN ANNUAL AUDIT OR REPORT REGARDING THE  
4 MUNICIPALITY'S BOOKS, THE DEPARTMENT OF REVENUE SHALL WITHHOLD TEN  
5 PERCENT OF THE SALES TAX REVENUE THAT WOULD OTHERWISE BE PAYABLE  
6 TO THE MUNICIPALITY UNTIL SUCH TIME THAT THE DEPARTMENT RECEIVES  
7 NOTICE THAT THE MUNICIPALITY HAS COMPLIED WITH THE REQUIREMENTS  
8 FOR AN ANNUAL AUDIT OR REPORT; TO BRING FORWARD SECTION 21-35-31,  
9 MISSISSIPPI CODE OF 1972, WHICH REQUIRES MUNICIPALITIES TO HAVE AN  
10 ANNUAL AUDIT OR REPORT REGARDING THEIR BOOKS, FOR THE PURPOSES OF  
11 POSSIBLE AMENDMENT; AND FOR RELATED PURPOSES.

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

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

15 27-65-75. On or before the fifteenth day of each month, the  
16 revenue collected under the provisions of this chapter during the  
17 preceding month shall be paid and distributed as follows:

18 (1) (a) On or before August 15, 1992, and each succeeding  
19 month thereafter through July 15, 1993, eighteen percent (18%) of  
20 the total sales tax revenue collected during the preceding month  
21 under the provisions of this chapter, except that collected under  
22 the provisions of Sections 27-65-15, 27-65-19(3) and 27-65-21, on



23 business activities within a municipal corporation shall be  
24 allocated for distribution to the municipality and paid to the  
25 municipal corporation. Except as otherwise provided in this  
26 paragraph (a), on or before August 15, 1993, and each succeeding  
27 month thereafter, eighteen and one-half percent (18-1/2%) of the  
28 total sales tax revenue collected during the preceding month under  
29 the provisions of this chapter, except that collected under the  
30 provisions of Sections 27-65-15, 27-65-19(3), 27-65-21 and  
31 27-65-24, on business activities within a municipal corporation  
32 shall be allocated for distribution to the municipality and paid  
33 to the municipal corporation. However, if a municipality fails to  
34 comply with the audit or report requirements of Section 21-35-31,  
35 the Department of Revenue shall withhold ten percent (10%) of the  
36 allocations and payments to the municipality that would otherwise  
37 be payable under this paragraph (a) until such time that the  
38 department receives notice that the municipality has complied with  
39 the requirements of Section 21-35-31.

40 A municipal corporation, for the purpose of distributing the  
41 tax under this subsection, shall mean and include all incorporated  
42 cities, towns and villages.

43 Monies allocated for distribution and credited to a municipal  
44 corporation under this paragraph may be pledged as security for a  
45 loan if the distribution received by the municipal corporation is  
46 otherwise authorized or required by law to be pledged as security  
47 for such a loan.



48           In any county having a county seat that is not an  
49 incorporated municipality, the distribution provided under this  
50 subsection shall be made as though the county seat was an  
51 incorporated municipality; however, the distribution to the  
52 municipality shall be paid to the county treasury in which the  
53 municipality is located, and those funds shall be used for road,  
54 bridge and street construction or maintenance in the county.

55           (b) On or before August 15, 2006, and each succeeding  
56 month thereafter, eighteen and one-half percent (18-1/2%) of the  
57 total sales tax revenue collected during the preceding month under  
58 the provisions of this chapter, except that collected under the  
59 provisions of Sections 27-65-15, 27-65-19(3) and 27-65-21, on  
60 business activities on the campus of a state institution of higher  
61 learning or community or junior college whose campus is not  
62 located within the corporate limits of a municipality, shall be  
63 allocated for distribution to the state institution of higher  
64 learning or community or junior college and paid to the state  
65 institution of higher learning or community or junior college.

66           (2) On or before September 15, 1987, and each succeeding  
67 month thereafter, from the revenue collected under this chapter  
68 during the preceding month, One Million One Hundred Twenty-five  
69 Thousand Dollars (\$1,125,000.00) shall be allocated for  
70 distribution to municipal corporations as defined under subsection  
71 (1) of this section in the proportion that the number of gallons  
72 of gasoline and diesel fuel sold by distributors to consumers and



73 retailers in each such municipality during the preceding fiscal  
74 year bears to the total gallons of gasoline and diesel fuel sold  
75 by distributors to consumers and retailers in municipalities  
76 statewide during the preceding fiscal year. The Department of  
77 Revenue shall require all distributors of gasoline and diesel fuel  
78 to report to the department monthly the total number of gallons of  
79 gasoline and diesel fuel sold by them to consumers and retailers  
80 in each municipality during the preceding month. The Department  
81 of Revenue shall have the authority to promulgate such rules and  
82 regulations as is necessary to determine the number of gallons of  
83 gasoline and diesel fuel sold by distributors to consumers and  
84 retailers in each municipality. In determining the percentage  
85 allocation of funds under this subsection for the fiscal year  
86 beginning July 1, 1987, and ending June 30, 1988, the Department  
87 of Revenue may consider gallons of gasoline and diesel fuel sold  
88 for a period of less than one (1) fiscal year. For the purposes  
89 of this subsection, the term "fiscal year" means the fiscal year  
90 beginning July 1 of a year.

91 (3) On or before September 15, 1987, and on or before the  
92 fifteenth day of each succeeding month, until the date specified  
93 in Section 65-39-35, the proceeds derived from contractors' taxes  
94 levied under Section 27-65-21 on contracts for the construction or  
95 reconstruction of highways designated under the highway program  
96 created under Section 65-3-97 shall, except as otherwise provided  
97 in Section 31-17-127, be deposited into the State Treasury to the



98 credit of the State Highway Fund to be used to fund that highway  
99 program. The Mississippi Department of Transportation shall  
100 provide to the Department of Revenue such information as is  
101 necessary to determine the amount of proceeds to be distributed  
102 under this subsection.

103 (4) On or before August 15, 1994, and on or before the  
104 fifteenth day of each succeeding month through July 15, 1999, from  
105 the proceeds of gasoline, diesel fuel or kerosene taxes as  
106 provided in Section 27-5-101(a)(ii)1, Four Million Dollars  
107 (\$4,000,000.00) shall be deposited in the State Treasury to the  
108 credit of a special fund designated as the "State Aid Road Fund,"  
109 created by Section 65-9-17. On or before August 15, 1999, and on  
110 or before the fifteenth day of each succeeding month, from the  
111 total amount of the proceeds of gasoline, diesel fuel or kerosene  
112 taxes apportioned by Section 27-5-101(a)(ii)1, Four Million  
113 Dollars (\$4,000,000.00) or an amount equal to twenty-three and  
114 one-fourth percent (23-1/4%) of those funds, whichever is the  
115 greater amount, shall be deposited in the State Treasury to the  
116 credit of the "State Aid Road Fund," created by Section 65-9-17.  
117 Those funds shall be pledged to pay the principal of and interest  
118 on state aid road bonds heretofore issued under Sections 19-9-51  
119 through 19-9-77, in lieu of and in substitution for the funds  
120 previously allocated to counties under this section. Those funds  
121 may not be pledged for the payment of any state aid road bonds  
122 issued after April 1, 1981; however, this prohibition against the



123 pledging of any such funds for the payment of bonds shall not  
124 apply to any bonds for which intent to issue those bonds has been  
125 published for the first time, as provided by law before March 29,  
126 1981. From the amount of taxes paid into the special fund under  
127 this subsection and subsection (9) of this section, there shall be  
128 first deducted and paid the amount necessary to pay the expenses  
129 of the Office of State Aid Road Construction, as authorized by the  
130 Legislature for all other general and special fund agencies. The  
131 remainder of the fund shall be allocated monthly to the several  
132 counties in accordance with the following formula:

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

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

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

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



146           The amount of funds allocated to any county under this  
147 subsection for any fiscal year after fiscal year 1994 shall not be  
148 less than the amount allocated to the county for fiscal year 1994.

149           Any reference in the general laws of this state or the  
150 Mississippi Code of 1972 to Section 27-5-105 shall mean and be  
151 construed to refer and apply to subsection (4) of Section  
152 27-65-75.

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

159           (6) An amount each month beginning August 15, 1983, through  
160 November 15, 1986, as specified in Section 6 of Chapter 542, Laws  
161 of 1983, shall be paid into the special fund known as the  
162 Correctional Facilities Construction Fund created in Section 6 of  
163 Chapter 542, Laws of 1983.

164           (7) On or before August 15, 1992, and each succeeding month  
165 thereafter through July 15, 2000, two and two hundred sixty-six  
166 one-thousandths percent (2.266%) of the total sales tax revenue  
167 collected during the preceding month under the provisions of this  
168 chapter, except that collected under the provisions of Section  
169 27-65-17(2), shall be deposited by the department into the School  
170 Ad Valorem Tax Reduction Fund created under Section 37-61-35. On



171 or before August 15, 2000, and each succeeding month thereafter,  
172 two and two hundred sixty-six one-thousandths percent (2.266%) of  
173 the total sales tax revenue collected during the preceding month  
174 under the provisions of this chapter, except that collected under  
175 the provisions of Section 27-65-17(2), shall be deposited into the  
176 School Ad Valorem Tax Reduction Fund created under Section  
177 37-61-35 until such time that the total amount deposited into the  
178 fund during a fiscal year equals Forty-two Million Dollars  
179 (\$42,000,000.00). Thereafter, the amounts diverted under this  
180 subsection (7) during the fiscal year in excess of Forty-two  
181 Million Dollars (\$42,000,000.00) shall be deposited into the  
182 Education Enhancement Fund created under Section 37-61-33 for  
183 appropriation by the Legislature as other education needs and  
184 shall not be subject to the percentage appropriation requirements  
185 set forth in Section 37-61-33.

186 (8) On or before August 15, 1992, and each succeeding month  
187 thereafter, nine and seventy-three one-thousandths percent  
188 (9.073%) of the total sales tax revenue collected during the  
189 preceding month under the provisions of this chapter, except that  
190 collected under the provisions of Section 27-65-17(2), shall be  
191 deposited into the Education Enhancement Fund created under  
192 Section 37-61-33.

193 (9) On or before August 15, 1994, and each succeeding month  
194 thereafter, from the revenue collected under this chapter during





195 the preceding month, Two Hundred Fifty Thousand Dollars  
196 (\$250,000.00) shall be paid into the State Aid Road Fund.

197 (10) On or before August 15, 1994, and each succeeding month  
198 thereafter through August 15, 1995, from the revenue collected  
199 under this chapter during the preceding month, Two Million Dollars  
200 (\$2,000,000.00) shall be deposited into the Motor Vehicle Ad  
201 Valorem Tax Reduction Fund established in Section 27-51-105.

202 (11) Notwithstanding any other provision of this section to  
203 the contrary, on or before February 15, 1995, and each succeeding  
204 month thereafter, the sales tax revenue collected during the  
205 preceding month under the provisions of Section 27-65-17(2) and  
206 the corresponding levy in Section 27-65-23 on the rental or lease  
207 of private carriers of passengers and light carriers of property  
208 as defined in Section 27-51-101 shall be deposited, without  
209 diversion, into the Motor Vehicle Ad Valorem Tax Reduction Fund  
210 established in Section 27-51-105.

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



220 (13) On or before July 15, 1994, and on or before the  
221 fifteenth day of each succeeding month thereafter, that portion of  
222 the avails of the tax imposed in Section 27-65-22 that is derived  
223 from activities held on the Mississippi State Fairgrounds Complex  
224 shall be paid into a special fund that is created in the State  
225 Treasury and shall be expended upon legislative appropriation  
226 solely to defray the costs of repairs and renovation at the Trade  
227 Mart and Coliseum.

228 (14) On or before August 15, 1998, and each succeeding month  
229 thereafter through July 15, 2005, that portion of the avails of  
230 the tax imposed in Section 27-65-23 that is derived from sales by  
231 cotton compresses or cotton warehouses and that would otherwise be  
232 paid into the General Fund shall be deposited in an amount not to  
233 exceed Two Million Dollars (\$2,000,000.00) into the special fund  
234 created under Section 69-37-39. On or before August 15, 2007, and  
235 each succeeding month thereafter through July 15, 2010, that  
236 portion of the avails of the tax imposed in Section 27-65-23 that  
237 is derived from sales by cotton compresses or cotton warehouses  
238 and that would otherwise be paid into the General Fund shall be  
239 deposited in an amount not to exceed Two Million Dollars  
240 (\$2,000,000.00) into the special fund created under Section  
241 69-37-39 until all debts or other obligations incurred by the  
242 Certified Cotton Growers Organization under the Mississippi Boll  
243 Weevil Management Act before January 1, 2007, are satisfied in  
244 full. On or before August 15, 2010, and each succeeding month



245 thereafter through July 15, 2011, fifty percent (50%) of that  
246 portion of the avails of the tax imposed in Section 27-65-23 that  
247 is derived from sales by cotton compresses or cotton warehouses  
248 and that would otherwise be paid into the General Fund shall be  
249 deposited into the special fund created under Section 69-37-39  
250 until such time that the total amount deposited into the fund  
251 during a fiscal year equals One Million Dollars (\$1,000,000.00).  
252 On or before August 15, 2011, and each succeeding month  
253 thereafter, that portion of the avails of the tax imposed in  
254 Section 27-65-23 that is derived from sales by cotton compresses  
255 or cotton warehouses and that would otherwise be paid into the  
256 General Fund shall be deposited into the special fund created  
257 under Section 69-37-39 until such time that the total amount  
258 deposited into the fund during a fiscal year equals One Million  
259 Dollars (\$1,000,000.00).

260 (15) Notwithstanding any other provision of this section to  
261 the contrary, on or before September 15, 2000, and each succeeding  
262 month thereafter, the sales tax revenue collected during the  
263 preceding month under the provisions of Section  
264 27-65-19(1)(d)(i)2, and 27-65-19(d)(i)3 shall be deposited,  
265 without diversion, into the Telecommunications Ad Valorem Tax  
266 Reduction Fund established in Section 27-38-7.

267 (16) (a) On or before August 15, 2000, and each succeeding  
268 month thereafter, the sales tax revenue collected during the  
269 preceding month under the provisions of this chapter on the gross



270 proceeds of sales of a project as defined in Section 57-30-1 shall  
271 be deposited, after all diversions except the diversion provided  
272 for in subsection (1) of this section, into the Sales Tax  
273 Incentive Fund created in Section 57-30-3.

274 (b) On or before August 15, 2007, and each succeeding  
275 month thereafter, eighty percent (80%) of the sales tax revenue  
276 collected during the preceding month under the provisions of this  
277 chapter from the operation of a tourism project under the  
278 provisions of Sections 57-26-1 through 57-26-5, shall be  
279 deposited, after the diversions required in subsections (7) and  
280 (8) of this section, into the Tourism Project Sales Tax Incentive  
281 Fund created in Section 57-26-3.

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

289 (18) [Repealed]

290 (19) (a) On or before August 15, 2005, and each succeeding  
291 month thereafter, the sales tax revenue collected during the  
292 preceding month under the provisions of this chapter on the gross  
293 proceeds of sales of a business enterprise located within a  
294 redevelopment project area under the provisions of Sections



295 57-91-1 through 57-91-11, and the revenue collected on the gross  
296 proceeds of sales from sales made to a business enterprise located  
297 in a redevelopment project area under the provisions of Sections  
298 57-91-1 through 57-91-11 (provided that such sales made to a  
299 business enterprise are made on the premises of the business  
300 enterprise), shall, except as otherwise provided in this  
301 subsection (19), be deposited, after all diversions, into the  
302 Redevelopment Project Incentive Fund as created in Section  
303 57-91-9.

304 (b) For a municipality participating in the Economic  
305 Redevelopment Act created in Sections 57-91-1 through 57-91-11,  
306 the diversion provided for in subsection (1) of this section  
307 attributable to the gross proceeds of sales of a business  
308 enterprise located within a redevelopment project area under the  
309 provisions of Sections 57-91-1 through 57-91-11, and attributable  
310 to the gross proceeds of sales from sales made to a business  
311 enterprise located in a redevelopment project area under the  
312 provisions of Sections 57-91-1 through 57-91-11 (provided that  
313 such sales made to a business enterprise are made on the premises  
314 of the business enterprise), shall be deposited into the  
315 Redevelopment Project Incentive Fund as created in Section  
316 57-91-9, as follows:

317 (i) For the first six (6) years in which payments  
318 are made to a developer from the Redevelopment Project Incentive



319 Fund, one hundred percent (100%) of the diversion shall be  
320 deposited into the fund;

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

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

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

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

336 (20) On or before January 15, 2007, and each succeeding  
337 month thereafter, eighty percent (80%) of the sales tax revenue  
338 collected during the preceding month under the provisions of this  
339 chapter from the operation of a tourism project under the  
340 provisions of Sections 57-28-1 through 57-28-5 shall be deposited,  
341 after the diversions required in subsections (7) and (8) of this  
342 section, into the Tourism Sales Tax Incentive Fund created in  
343 Section 57-28-3.



344 (21) (a) On or before April 15, 2007, and each succeeding  
345 month thereafter through June 15, 2013, One Hundred Fifty Thousand  
346 Dollars (\$150,000.00) of the sales tax revenue collected during  
347 the preceding month under the provisions of this chapter shall be  
348 deposited into the MMEIA Tax Incentive Fund created in Section  
349 57-101-3.

350 (b) On or before July 15, 2013, and each succeeding  
351 month thereafter, One Hundred Fifty Thousand Dollars (\$150,000.00)  
352 of the sales tax revenue collected during the preceding month  
353 under the provisions of this chapter shall be deposited into the  
354 Mississippi Development Authority Job Training Grant Fund created  
355 in Section 57-1-451.

356 (22) Notwithstanding any other provision of this section to  
357 the contrary, on or before August 15, 2009, and each succeeding  
358 month thereafter, the sales tax revenue collected during the  
359 preceding month under the provisions of Section 27-65-201 shall be  
360 deposited, without diversion, into the Motor Vehicle Ad Valorem  
361 Tax Reduction Fund established in Section 27-51-105.

362 (23) The remainder of the amounts collected under the  
363 provisions of this chapter shall be paid into the State Treasury  
364 to the credit of the General Fund.

365 (24) It shall be the duty of the municipal officials of any  
366 municipality that expands its limits, or of any community that  
367 incorporates as a municipality, to notify the commissioner of that  
368 action thirty (30) days before the effective date. Failure to so



369 notify the commissioner shall cause the municipality to forfeit  
370 the revenue that it would have been entitled to receive during  
371 this period of time when the commissioner had no knowledge of the  
372 action. If any funds have been erroneously disbursed to any  
373 municipality or any overpayment of tax is recovered by the  
374 taxpayer, the commissioner may make correction and adjust the  
375 error or overpayment with the municipality by withholding the  
376 necessary funds from any later payment to be made to the  
377 municipality.

378 **SECTION 2.** Section 21-35-31, Mississippi Code of 1972, is  
379 brought forward as follows:

380 **[For municipal fiscal years commencing before October 1,**  
381 **2009, this section shall read as follows:]**

382 21-35-31. The governing authorities of every municipality in  
383 the state shall have their books audited annually, prior to the  
384 close of the next succeeding fiscal year, either by a competent  
385 accountant approved by the State Auditor or by a certified public  
386 accountant, who has paid a privilege tax as such in this state,  
387 and shall pay for same out of the General Fund. No advertisement  
388 shall be necessary before entering into such contract, but same  
389 shall be entered into as a private contract. Said audit shall be  
390 made upon a uniform formula set up and promulgated by the State  
391 Auditor, as the head of the State Department of Audit, or the  
392 director thereof, appointed by him, as designated and defined in  
393 Title 7, Chapter 7, of the Mississippi Code of 1972, or any office





394 or officers hereafter designated to replace or perform the duties  
395 imposed by said chapter. Provided, however, any municipality with  
396 a population of three thousand (3,000) or less may employ a  
397 competent accountant or auditor, approved by the State Auditor, to  
398 prepare annually a compilation report and a compliance letter, in  
399 a format prescribed by the State Auditor, in lieu of an annual  
400 audit when such audit will be a financial hardship on the  
401 municipality. Two (2) copies of said audit or compilation shall  
402 be mailed to the said State Auditor within thirty (30) days after  
403 completion of said audit. Said State Auditor shall, at the end of  
404 each fiscal year, submit to the Legislature a composite report  
405 showing any information concerning municipalities in this state  
406 that he might deem pertinent and necessary to the Legislature for  
407 use in its deliberations. A synopsis of said audit, in a format  
408 prescribed by the State Auditor, shall be published within thirty  
409 (30) days by the governing authorities of such municipalities in a  
410 newspaper published in such municipalities or, if no newspaper be  
411 published in any such municipality, in any newspaper having a  
412 general circulation published in the county wherein such  
413 municipality is located. The publication of the audit may be made  
414 as provided in Section 21-17-19, Mississippi Code of 1972. Such  
415 publication shall be made one (1) time, and the governing  
416 authorities of such municipalities shall be authorized to pay only  
417 one-half (1/2) of the legal rate prescribed by law for such legal  
418 publication.



419           **[For municipal fiscal years commencing on or after October 1,**  
420 **2009, this section shall read as follows:]**

421           21-35-31. (1) The governing authority of every municipality  
422 in the state shall have the municipal books audited annually,  
423 before the close of the next succeeding fiscal year, in accordance  
424 with procedures and reporting requirements prescribed by the State  
425 Auditor. The municipality shall pay for the audit or report out  
426 of its general fund. No advertisement shall be necessary before  
427 entering into the contract, and it shall be entered into as a  
428 private contract. The audit or report shall be made upon a  
429 uniform formula set up and promulgated by the State Auditor, as  
430 the head of the State Department of Audit, or the director  
431 thereof, appointed by him, as designated and defined in Title 7,  
432 Chapter 7, Mississippi Code of 1972, or any office or officers  
433 hereafter designated to replace or perform the duties imposed by  
434 said chapter. Two (2) copies of the audit or report shall be  
435 mailed to the said State Auditor within thirty (30) days after  
436 completion. The State Auditor, at the end of each fiscal year,  
437 shall submit to the Legislature a composite report showing any  
438 information concerning municipalities in this state that the  
439 Auditor deems pertinent and necessary to the Legislature for use  
440 in its deliberations. A synopsis of the audit or report, in a  
441 format prescribed by the State Auditor, shall be published within  
442 thirty (30) days by the governing authority of each municipality  
443 in a newspaper published in the municipality or, if no newspaper



444 is published in a municipality, in any newspaper having a general  
445 circulation published in the county wherein the municipality is  
446 located. The publication of the audit or report may be made as  
447 provided in Section 21-17-19. Publication shall be made one (1)  
448 time, and the governing authority of each municipality shall be  
449 authorized to pay only one-half (1/2) of the legal rate prescribed  
450 by law for such legal publication.

451 (2) It shall be the duty of the State Auditor to determine  
452 whether each municipality has complied with the requirements of  
453 subsection (1) of this section. If upon examination the State  
454 Auditor determines that a municipality has not initiated efforts  
455 to comply with the requirements of subsection (1), the State  
456 Auditor shall file a certified written notice with the clerk of  
457 the municipality notifying the governing authority of the  
458 municipality that a certificate of noncompliance will be issued to  
459 the State Tax Commission and to the Attorney General thirty (30)  
460 days immediately following the date of the filing of the notice  
461 unless within that period the municipality substantially complies  
462 with the requirements of subsection (1). If, after thirty (30)  
463 days from the giving of the notice, the municipality, in the  
464 opinion of the State Auditor, has not substantially initiated  
465 efforts to comply with the requirements of subsection (1), the  
466 State Auditor shall issue a certificate of noncompliance to the  
467 clerk of the municipality, State Tax Commission and the Attorney  
468 General. Thereafter, the State Tax Commission shall withhold from



469 all allocations and payments to the municipality that would  
470 otherwise be payable the amount necessary to pay one hundred fifty  
471 percent (150%) of the cost of preparing the required audit or  
472 report as contracted for by the State Auditor. The cost shall be  
473 determined by the State Auditor after receiving proposals for the  
474 audit or report required in subsection (1) of this section. The  
475 State Auditor shall notify the State Tax Commission of the amount  
476 in writing, and the State Tax Commission shall transfer that  
477 amount to the State Auditor. The State Auditor is authorized to  
478 escalate, budget and expend these funds in accordance with rules  
479 and regulations of the Department of Finance and Administration  
480 consistent with the escalation of federal funds. All remaining  
481 funds shall be retained by the State Auditor to offset the costs  
482 of administering these contracts. The State Auditor shall not  
483 unreasonably delay the issuance of a written notice of  
484 cancellation of a certificate of noncompliance but shall promptly  
485 issue a written notice of cancellation of certificate of  
486 noncompliance upon an affirmative showing by the municipality that  
487 it has come into substantial compliance.

488         **SECTION 3.** This act shall take effect and be in force from  
489 and after July 1, 2016.

