

By: Senator(s) Parker, Gollott, Simmons  
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To: Finance

COMMITTEE SUBSTITUTE  
FOR  
SENATE BILL NO. 2146

1 AN ACT TO AMEND SECTION 27-65-75, MISSISSIPPI CODE OF 1972,  
2 TO REQUIRE AN ADDITIONAL AMOUNT OF THE TOTAL SALES TAX REVENUE  
3 COLLECTED ON BUSINESS ACTIVITIES IN MUNICIPALITIES TO BE DIVERTED  
4 TO MUNICIPALITIES WITHIN THE STATE; TO DESIGNATE SUCH DIVERSION OF  
5 REVENUE AS THE ADDITIONAL SALES TAX REVENUE FOR MUNICIPAL  
6 INFRASTRUCTURE PROGRAM; TO PROVIDE THAT REVENUE RECEIVED BY A  
7 MUNICIPALITY UNDER SUCH PROGRAM SHALL NOT BE CONSIDERED BY A  
8 MUNICIPALITY AS GENERAL FUND REVENUE AND MAY BE EXPENDED SOLELY  
9 FOR WATER AND SEWER SYSTEM PROJECTS AND ROAD, STREET AND BRIDGE  
10 REPAIR, RECONSTRUCTION AND RESURFACING PROJECTS; AND FOR RELATED  
11 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. On or before August 15, 1993, and each  
26 succeeding month thereafter, eighteen and one-half percent  
27 (18-1/2%) of the total sales tax revenue collected during the  
28 preceding month under the provisions of this chapter, except that  
29 collected under the provisions of Sections 27-65-15, 27-65-19(3),  
30 27-65-21 and 27-65-24, on business activities within a municipal  
31 corporation shall be allocated for distribution to the  
32 municipality and paid to the municipal corporation.

33 A municipal corporation, for the purpose of distributing the  
34 tax under this subsection, shall mean and include all incorporated  
35 cities, towns and villages.

36 Monies allocated for distribution and credited to a municipal  
37 corporation under this paragraph may be pledged as security for a  
38 loan if the distribution received by the municipal corporation is  
39 otherwise authorized or required by law to be pledged as security  
40 for such a loan.

41 In any county having a county seat that is not an  
42 incorporated municipality, the distribution provided under this  
43 subsection shall be made as though the county seat was an  
44 incorporated municipality; however, the distribution to the  
45 municipality shall be paid to the county treasury in which the  
46 municipality is located, and those funds shall be used for road,  
47 bridge and street construction or maintenance in the county.



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

59 (c) On or before August 15, 2016, and each succeeding  
60 month thereafter through July 15, 2017, an additional one-half of  
61 one percent (1/2 of 1%) of the total sales tax revenue collected  
62 during the preceding month under the provisions of this chapter,  
63 except that collected under the provisions of Sections 27-65-15,  
64 27-65-19(3), 27-65-21 and 27-65-24, on business activities within  
65 a municipal corporation shall be allocated for distribution to the  
66 municipality and paid to the municipal corporation. On or before  
67 August 15, 2017, and each succeeding month thereafter through July  
68 15, 2018, an additional one percent (1%) of the total sales tax  
69 revenue collected during the preceding month under the provisions  
70 of this chapter, except that collected under the provisions of  
71 Sections 27-65-15, 27-65-19(3), 27-65-21 and 27-65-24, on business  
72 activities within a municipal corporation shall be allocated for



73 distribution to the municipality and paid to the municipal  
74 corporation. On or before August 15, 2018, and each succeeding  
75 month thereafter, one and one-half percent (1-1/2%) of the total  
76 sales tax revenue collected during the preceding month under the  
77 provisions of this chapter, except that collected under the  
78 provisions of Sections 27-65-15, 27-65-19(3), 27-65-21 and  
79 27-65-24, on business activities within a municipal corporation  
80 shall be allocated for distribution to the municipality and paid  
81 to the municipal corporation. The allocation of revenue for  
82 distribution to municipalities under this paragraph shall be  
83 designated as the Additional Sales Tax Revenue for Municipal  
84 Infrastructure Program. Revenue received by a municipality under  
85 this paragraph shall not be considered by a municipality as  
86 general fund revenue and may be expended by the municipality  
87 solely for water and sewer system projects and road, street and  
88 bridge repair, reconstruction and resurfacing projects.

89 (2) On or before September 15, 1987, and each succeeding  
90 month thereafter, from the revenue collected under this chapter  
91 during the preceding month, One Million One Hundred Twenty-five  
92 Thousand Dollars (\$1,125,000.00) shall be allocated for  
93 distribution to municipal corporations as defined under subsection  
94 (1) of this section in the proportion that the number of gallons  
95 of gasoline and diesel fuel sold by distributors to consumers and  
96 retailers in each such municipality during the preceding fiscal  
97 year bears to the total gallons of gasoline and diesel fuel sold



98 by distributors to consumers and retailers in municipalities  
99 statewide during the preceding fiscal year. The Department of  
100 Revenue shall require all distributors of gasoline and diesel fuel  
101 to report to the department monthly the total number of gallons of  
102 gasoline and diesel fuel sold by them to consumers and retailers  
103 in each municipality during the preceding month. The Department  
104 of Revenue shall have the authority to promulgate such rules and  
105 regulations as is necessary to determine the number of gallons of  
106 gasoline and diesel fuel sold by distributors to consumers and  
107 retailers in each municipality. In determining the percentage  
108 allocation of funds under this subsection for the fiscal year  
109 beginning July 1, 1987, and ending June 30, 1988, the Department  
110 of Revenue may consider gallons of gasoline and diesel fuel sold  
111 for a period of less than one (1) fiscal year. For the purposes  
112 of this subsection, the term "fiscal year" means the fiscal year  
113 beginning July 1 of a year.

114 (3) On or before September 15, 1987, and on or before the  
115 fifteenth day of each succeeding month, until the date specified  
116 in Section 65-39-35, the proceeds derived from contractors' taxes  
117 levied under Section 27-65-21 on contracts for the construction or  
118 reconstruction of highways designated under the highway program  
119 created under Section 65-3-97 shall, except as otherwise provided  
120 in Section 31-17-127, be deposited into the State Treasury to the  
121 credit of the State Highway Fund to be used to fund that highway  
122 program. The Mississippi Department of Transportation shall



123 provide to the Department of Revenue such information as is  
124 necessary to determine the amount of proceeds to be distributed  
125 under this subsection.

126 (4) On or before August 15, 1994, and on or before the  
127 fifteenth day of each succeeding month through July 15, 1999, from  
128 the proceeds of gasoline, diesel fuel or kerosene taxes as  
129 provided in Section 27-5-101(a)(ii)1, Four Million Dollars  
130 (\$4,000,000.00) shall be deposited in the State Treasury to the  
131 credit of a special fund designated as the "State Aid Road Fund,"  
132 created by Section 65-9-17. On or before August 15, 1999, and on  
133 or before the fifteenth day of each succeeding month, from the  
134 total amount of the proceeds of gasoline, diesel fuel or kerosene  
135 taxes apportioned by Section 27-5-101(a)(ii)1, Four Million  
136 Dollars (\$4,000,000.00) or an amount equal to twenty-three and  
137 one-fourth percent (23-1/4%) of those funds, whichever is the  
138 greater amount, shall be deposited in the State Treasury to the  
139 credit of the "State Aid Road Fund," created by Section 65-9-17.  
140 Those funds shall be pledged to pay the principal of and interest  
141 on state aid road bonds heretofore issued under Sections 19-9-51  
142 through 19-9-77, in lieu of and in substitution for the funds  
143 previously allocated to counties under this section. Those funds  
144 may not be pledged for the payment of any state aid road bonds  
145 issued after April 1, 1981; however, this prohibition against the  
146 pledging of any such funds for the payment of bonds shall not  
147 apply to any bonds for which intent to issue those bonds has been



148 published for the first time, as provided by law before March 29,  
149 1981. From the amount of taxes paid into the special fund under  
150 this subsection and subsection (9) of this section, there shall be  
151 first deducted and paid the amount necessary to pay the expenses  
152 of the Office of State Aid Road Construction, as authorized by the  
153 Legislature for all other general and special fund agencies. The  
154 remainder of the fund shall be allocated monthly to the several  
155 counties in accordance with the following formula:

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

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

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

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

169 The amount of funds allocated to any county under this  
170 subsection for any fiscal year after fiscal year 1994 shall not be  
171 less than the amount allocated to the county for fiscal year 1994.



172 Any reference in the general laws of this state or the  
173 Mississippi Code of 1972 to Section 27-5-105 shall mean and be  
174 construed to refer and apply to subsection (4) of Section  
175 27-65-75.

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

182 (6) An amount each month beginning August 15, 1983, through  
183 November 15, 1986, as specified in Section 6 of Chapter 542, Laws  
184 of 1983, shall be paid into the special fund known as the  
185 Correctional Facilities Construction Fund created in Section 6 of  
186 Chapter 542, Laws of 1983.

187 (7) On or before August 15, 1992, and each succeeding month  
188 thereafter through July 15, 2000, two and two hundred sixty-six  
189 one-thousandths percent (2.266%) of the total sales tax revenue  
190 collected during the preceding month under the provisions of this  
191 chapter, except that collected under the provisions of Section  
192 27-65-17(2), shall be deposited by the department into the School  
193 Ad Valorem Tax Reduction Fund created under Section 37-61-35. On  
194 or before August 15, 2000, and each succeeding month thereafter,  
195 two and two hundred sixty-six one-thousandths percent (2.266%) of  
196 the total sales tax revenue collected during the preceding month





197 under the provisions of this chapter, except that collected under  
198 the provisions of Section 27-65-17(2), shall be deposited into the  
199 School Ad Valorem Tax Reduction Fund created under Section  
200 37-61-35 until such time that the total amount deposited into the  
201 fund during a fiscal year equals Forty-two Million Dollars  
202 (\$42,000,000.00). Thereafter, the amounts diverted under this  
203 subsection (7) during the fiscal year in excess of Forty-two  
204 Million Dollars (\$42,000,000.00) shall be deposited into the  
205 Education Enhancement Fund created under Section 37-61-33 for  
206 appropriation by the Legislature as other education needs and  
207 shall not be subject to the percentage appropriation requirements  
208 set forth in Section 37-61-33.

209 (8) On or before August 15, 1992, and each succeeding month  
210 thereafter, nine and seventy-three one-thousandths percent  
211 (9.073%) of the total sales tax revenue collected during the  
212 preceding month under the provisions of this chapter, except that  
213 collected under the provisions of Section 27-65-17(2), shall be  
214 deposited into the Education Enhancement Fund created under  
215 Section 37-61-33.

216 (9) On or before August 15, 1994, and each succeeding month  
217 thereafter, from the revenue collected under this chapter during  
218 the preceding month, Two Hundred Fifty Thousand Dollars  
219 (\$250,000.00) shall be paid into the State Aid Road Fund.

220 (10) On or before August 15, 1994, and each succeeding month  
221 thereafter through August 15, 1995, from the revenue collected



222 under this chapter during the preceding month, Two Million Dollars  
223 (\$2,000,000.00) shall be deposited into the Motor Vehicle Ad  
224 Valorem Tax Reduction Fund established in Section 27-51-105.

225 (11) Notwithstanding any other provision of this section to  
226 the contrary, on or before February 15, 1995, and each succeeding  
227 month thereafter, the sales tax revenue collected during the  
228 preceding month under the provisions of Section 27-65-17(2) and  
229 the corresponding levy in Section 27-65-23 on the rental or lease  
230 of private carriers of passengers and light carriers of property  
231 as defined in Section 27-51-101 shall be deposited, without  
232 diversion, into the Motor Vehicle Ad Valorem Tax Reduction Fund  
233 established in Section 27-51-105.

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

243 (13) On or before July 15, 1994, and on or before the  
244 fifteenth day of each succeeding month thereafter, that portion of  
245 the avails of the tax imposed in Section 27-65-22 that is derived  
246 from activities held on the Mississippi State Fairgrounds Complex



247 shall be paid into a special fund that is created in the State  
248 Treasury and shall be expended upon legislative appropriation  
249 solely to defray the costs of repairs and renovation at the Trade  
250 Mart and Coliseum.

251 (14) On or before August 15, 1998, and each succeeding month  
252 thereafter through July 15, 2005, that portion of the avails of  
253 the tax imposed in Section 27-65-23 that is derived from sales by  
254 cotton compresses or cotton warehouses and that would otherwise be  
255 paid into the General Fund shall be deposited in an amount not to  
256 exceed Two Million Dollars (\$2,000,000.00) into the special fund  
257 created under Section 69-37-39. On or before August 15, 2007, and  
258 each succeeding month thereafter through July 15, 2010, that  
259 portion of the avails of the tax imposed in Section 27-65-23 that  
260 is derived from sales by cotton compresses or cotton warehouses  
261 and that would otherwise be paid into the General Fund shall be  
262 deposited in an amount not to exceed Two Million Dollars  
263 (\$2,000,000.00) into the special fund created under Section  
264 69-37-39 until all debts or other obligations incurred by the  
265 Certified Cotton Growers Organization under the Mississippi Boll  
266 Weevil Management Act before January 1, 2007, are satisfied in  
267 full. On or before August 15, 2010, and each succeeding month  
268 thereafter through July 15, 2011, fifty percent (50%) of that  
269 portion of the avails of the tax imposed in Section 27-65-23 that  
270 is derived from sales by cotton compresses or cotton warehouses  
271 and that would otherwise be paid into the General Fund shall be



272 deposited into the special fund created under Section 69-37-39  
273 until such time that the total amount deposited into the fund  
274 during a fiscal year equals One Million Dollars (\$1,000,000.00).  
275 On or before August 15, 2011, and each succeeding month  
276 thereafter, that portion of the avails of the tax imposed in  
277 Section 27-65-23 that is derived from sales by cotton compresses  
278 or cotton warehouses and that would otherwise be paid into the  
279 General Fund shall be deposited into the special fund created  
280 under Section 69-37-39 until such time that the total amount  
281 deposited into the fund during a fiscal year equals One Million  
282 Dollars (\$1,000,000.00).

283 (15) Notwithstanding any other provision of this section to  
284 the contrary, on or before September 15, 2000, and each succeeding  
285 month thereafter, the sales tax revenue collected during the  
286 preceding month under the provisions of Section  
287 27-65-19(1)(d)(i)2, and 27-65-19(d)(i)3 shall be deposited,  
288 without diversion, into the Telecommunications Ad Valorem Tax  
289 Reduction Fund established in Section 27-38-7.

290 (16) (a) On or before August 15, 2000, 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 project as defined in Section 57-30-1 shall  
294 be deposited, after all diversions except the diversion provided  
295 for in subsection (1) of this section, into the Sales Tax  
296 Incentive Fund created in Section 57-30-3.



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

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

312           (18) [Repealed]

313           (19) (a) On or before August 15, 2005, and each succeeding  
314 month thereafter, the sales tax revenue collected during the  
315 preceding month under the provisions of this chapter on the gross  
316 proceeds of sales of a business enterprise located within a  
317 redevelopment project area under the provisions of Sections  
318 57-91-1 through 57-91-11, and the revenue collected on the gross  
319 proceeds of sales from sales made to a business enterprise located  
320 in a redevelopment project area under the provisions of Sections  
321 57-91-1 through 57-91-11 (provided that such sales made to a



322 business enterprise are made on the premises of the business  
323 enterprise), shall, except as otherwise provided in this  
324 subsection (19), be deposited, after all diversions, into the  
325 Redevelopment Project Incentive Fund as created in Section  
326 57-91-9.

327           (b) For a municipality participating in the Economic  
328 Redevelopment Act created in Sections 57-91-1 through 57-91-11,  
329 the diversion provided for in subsection (1) of this section  
330 attributable to the gross proceeds of sales of a business  
331 enterprise located within a redevelopment project area under the  
332 provisions of Sections 57-91-1 through 57-91-11, and attributable  
333 to the gross proceeds of sales from sales made to a business  
334 enterprise located in a redevelopment project area under the  
335 provisions of Sections 57-91-1 through 57-91-11 (provided that  
336 such sales made to a business enterprise are made on the premises  
337 of the business enterprise), shall be deposited into the  
338 Redevelopment Project Incentive Fund as created in Section  
339 57-91-9, as follows:

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

344           (ii) For the seventh year in which such payments  
345 are made to a developer from the Redevelopment Project Incentive



346 Fund, eighty percent (80%) of the diversion shall be deposited  
347 into the fund;

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

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

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

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

367 (21) (a) On or before April 15, 2007, and each succeeding  
368 month thereafter through June 15, 2013, One Hundred Fifty Thousand  
369 Dollars (\$150,000.00) of the sales tax revenue collected during  
370 the preceding month under the provisions of this chapter shall be



371 deposited into the MMEIA Tax Incentive Fund created in Section  
372 57-101-3.

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

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

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

388 (24) It shall be the duty of the municipal officials of any  
389 municipality that expands its limits, or of any community that  
390 incorporates as a municipality, to notify the commissioner of that  
391 action thirty (30) days before the effective date. Failure to so  
392 notify the commissioner shall cause the municipality to forfeit  
393 the revenue that it would have been entitled to receive during  
394 this period of time when the commissioner had no knowledge of the  
395 action. If any funds have been erroneously disbursed to any





396 municipality or any overpayment of tax is recovered by the  
397 taxpayer, the commissioner may make correction and adjust the  
398 error or overpayment with the municipality by withholding the  
399 necessary funds from any later payment to be made to the  
400 municipality.

401           **SECTION 2.** This act shall take effect and be in force from  
402 and after July 1, 2016, and shall be repealed from and after June  
403 30, 2016.

