

By: Representatives Foster, Staples,  
Mangold, Pigott

To: Revenue and Expenditure  
General Bills

COMMITTEE SUBSTITUTE  
FOR  
HOUSE BILL NO. 1340

1 AN ACT TO AMEND SECTION 27-35-50, MISSISSIPPI CODE OF 1972,  
2 TO REVISE CERTAIN PROVISIONS REGARDING THE VARIATION OF TRUE VALUE  
3 FROM THE PREVIOUS YEAR FOR LAND USED FOR AGRICULTURAL PURPOSES;  
4 AND FOR RELATED PURPOSES.

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

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

8 27-35-50. (1) True value shall mean and include, but shall  
9 not be limited to, market value, cash value, actual cash value,  
10 proper value and value for the purposes of appraisal for ad  
11 valorem taxation.

12 (2) With respect to each and every parcel of property  
13 subject to assessment, the tax assessor shall, in ascertaining  
14 true value, consider whenever possible the income capitalization  
15 approach to value, the cost approach to value and the market data  
16 approach to value, as such approaches are determined by the \* \* \*  
17 Department of Revenue. For differing types of categories of  
18 property, differing approaches may be appropriate. The choice of  
19 the particular valuation approach or approaches to be used should



20 be made by the assessor upon a consideration of the category or  
21 nature of the property, the approaches to value for which the  
22 highest quality data is available, and the current use of the  
23 property.

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

33 (4) (a) In arriving at the true value of all Class I and  
34 Class II property and improvements, the appraisal shall be made  
35 according to current use, regardless of location.

36 (b) In arriving at the true value of any land used for  
37 agricultural purposes, the appraisal shall be made according to  
38 its use on January 1 of each year, regardless of its location; in  
39 making the appraisal, the assessor shall use soil types,  
40 productivity and other criteria set forth in the land appraisal  
41 manuals of the \* \* \* Department of Revenue, which criteria shall  
42 include, but not be limited to, an income capitalization approach  
43 with a capitalization rate of not less than ten percent (10%) and  
44 a moving average of not more than ten (10) years. However, for



45 the year 1990, the moving average shall not be more than five (5)  
46 years; for the year 1991, not more than six (6) years; for the  
47 year 1992, not more than seven (7) years; for the year 1993, not  
48 more than eight (8) years; and for the year 1994, not more than  
49 nine (9) years; and for the year 1990, the variation up or down  
50 from the previous year shall not exceed twenty percent (20%) and  
51 thereafter, the variation, up or down, from a previous year shall  
52 not exceed ten percent (10%) through the year 2018; and for the  
53 year 2019 and thereafter, the variation, up or down, from a  
54 previous year shall not exceed two percent (2%). The land shall  
55 be deemed to be used for agricultural purposes when it is devoted  
56 to the commercial production of crops and other commercial  
57 products of the soil, including, but not limited to, the  
58 production of fruits and timber or the raising of livestock and  
59 poultry; however, enrollment in the federal Conservation Reserve  
60 Program or in any other United States Department of Agriculture  
61 conservation program shall not preclude land being deemed to be  
62 used for agricultural purposes solely on the ground that the land  
63 is not being devoted to the production of commercial products of  
64 the soil, and income derived from participation in the federal  
65 program may be used in combination with other relevant criteria to  
66 determine the true value of such land. The true value of  
67 aquaculture shall be determined in the same manner as that used to  
68 determine the true value of row crops.



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

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

89 (i) "Affordable rental housing" means residential  
90 housing consisting of one or more rental units, the construction  
91 and/or rental of which is subject to Section 42 of the Internal  
92 Revenue Code (26 USC 42), the Home Investment Partnership Program  
93 under the Cranston-Gonzalez National Affordable Housing Act (42



94 USC 12741 et seq.), the Federal Home Loan Banks Affordable Housing  
95 Program established pursuant to the Financial Institutions Reform,  
96 Recovery and Enforcement Act (FIRREA) of 1989 (Public Law 101-73),  
97 or any other federal, state or similar program intended to provide  
98 affordable housing to persons of low or moderate income and the  
99 occupancy and maximum rental rates of such housing are restricted  
100 based on the income of the persons occupying such housing.

101 (ii) "Land use regulation" means a restriction  
102 imposed by an extended low-income housing agreement or other  
103 covenant recorded in the applicable land records or by applicable  
104 law or regulation restricting the maximum income of residents  
105 and/or the maximum rental rate in the affordable rental housing.

106 (5) The true value of each class of property shall be  
107 determined annually.

108 (6) The \* \* \* Department of Revenue shall have the power to  
109 adopt, amend or repeal such rules or regulations in a manner  
110 consistent with the Constitution of the State of Mississippi to  
111 implement the duties assigned to the \* \* \* department in this  
112 section.

113 **SECTION 2.** This act shall take effect and be in force from  
114 and after July 1, 2017.

