

By: Representative Rushing

To: Ways and Means

HOUSE BILL NO. 255

1 AN ACT TO AMEND SECTION 27-35-50, MISSISSIPPI CODE OF 1972,  
2 TO REMOVE THE PROVISION THAT PRESCRIBES THE MANNER IN WHICH THE  
3 APPRAISAL OF AFFORDABLE RENTAL HOUSING SHALL BE MADE FOR THE  
4 PURPOSE OF ARRIVING AT THE TRUE VALUE OF THE PROPERTY FOR THE  
5 PURPOSES OF AD VALOREM TAXATION; AND FOR RELATED PURPOSES.

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

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

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

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



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

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

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

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



45 a moving average of not more than ten (10) years. However, for  
46 the year 1990, the moving average shall not be more than five (5)  
47 years; for the year 1991, not more than six (6) years; for the  
48 year 1992, not more than seven (7) years; for the year 1993, not  
49 more than eight (8) years; and for the year 1994, not more than  
50 nine (9) years; and for the year 1990, the variation up or down  
51 from the previous year shall not exceed twenty percent (20%) and  
52 thereafter, the variation, up or down, from a previous year shall  
53 not exceed ten percent (10%) through the year 2018; and for the  
54 year 2019 and thereafter, the variation, up or down, from a  
55 previous year shall not exceed four percent (4%). The land shall  
56 be deemed to be used for agricultural purposes when it is devoted  
57 to the commercial production of crops and other commercial  
58 products of the soil, including, but not limited to, the  
59 production of fruits and timber or the raising of livestock and  
60 poultry; however, enrollment in the federal Conservation Reserve  
61 Program or in any other United States Department of Agriculture  
62 conservation program shall not preclude land being deemed to be  
63 used for agricultural purposes solely on the ground that the land  
64 is not being devoted to the production of commercial products of  
65 the soil, and income derived from participation in the federal  
66 program may be used in combination with other relevant criteria to  
67 determine the true value of such land. The true value of  
68 aquaculture shall be determined in the same manner as that used to  
69 determine the true value of row crops.



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

73 \* \* \*

74  
75 ( \* \* \*d) In arriving at the true value of ground  
76 leases on real property leased by the Mississippi State Port at  
77 Gulfport, the assessor shall use the appraisal procedure set forth  
78 in land appraisal manuals of the Department of Revenue. Such  
79 procedure shall prescribe that the appraisal shall be made  
80 according to actual net ground rent attributable to the leased  
81 premises, capitalized at a market value capitalization rate  
82 prescribed by the Department of Revenue that reflects the  
83 prevailing cost of capital of commercial real estate in the  
84 geographical market in which the Mississippi State Port at  
85 Gulfport is located. As used in this paragraph ( \* \* \*d):

86 (i) "Ground leases" means those leases of land  
87 where the Mississippi State Port at Gulfport is the landlord and a  
88 person or business entity is the tenant.

89 (ii) "Ground rent" means the rent paid to the  
90 Mississippi State Port at Gulfport in a set amount for a specific  
91 length of tenancy where the amount of rent may be adjusted from  
92 time to time based upon market indices, such as the consumer price  
93 index. Ground rent does not include percentage rent and rent  
94 based on improvements or any other type of rental payment.



95 (iii) "Percentage rent" means the rent paid to the  
96 Mississippi State Port at Gulfport that is calculated based upon  
97 revenue generated by the tenant by virtue of the ground lease.

98 (iv) "Rent based on improvements" means the rent  
99 paid to the Mississippi State Port at Gulfport that is calculated  
100 based upon investments in improvements to the leased premises made  
101 by tenant.

102 (5) The true value of each class of property shall be  
103 determined annually.

104 (6) The Department of Revenue shall have the power to adopt,  
105 amend or repeal such rules or regulations in a manner consistent  
106 with the Constitution of the State of Mississippi to implement the  
107 duties assigned to the department in this section.

108 **SECTION 2.** This act shall take effect and be in force from  
109 and after January 1, 2018.

