

By: Representative Young

To: Ways and Means

## HOUSE BILL NO. 143

1 AN ACT TO CREATE AN INCENTIVE FOR PERSONS, CORPORATIONS OR  
2 OTHER ENTITIES TO REPAIR AND RENOVATE HOTELS IN THIS STATE; TO  
3 CREATE THE HOTEL RENOVATION PROJECTS SALES TAX INCENTIVE FUND; TO  
4 AUTHORIZE CERTAIN INCENTIVE PAYMENTS FROM SUCH FUND TO APPROVED  
5 PARTICIPANTS THAT INCUR COSTS TO REPAIR AND RENOVATE HOTELS IN  
6 THIS STATE; TO PROVIDE THAT INCENTIVE PAYMENTS SHALL CEASE ON THE  
7 OCCURRENCE OF THE EARLIER OF THE DATE THAT AN AGGREGATE AMOUNT OF  
8 20% OF THE APPROVED PROJECT COSTS INCURRED BY AN APPROVED  
9 PARTICIPANT FOR A PROJECT HAS BEEN PAID TO THE APPROVED  
10 PARTICIPANT OR 10 YEARS AFTER THE DATE OF COMMENCEMENT OF  
11 INCENTIVE PAYMENTS TO AN APPROVED PARTICIPANT FOR A PROJECT; TO  
12 REQUIRE THE MISSISSIPPI DEVELOPMENT AUTHORITY TO ADMINISTER THE  
13 PROGRAM; TO AMEND SECTION 27-65-75, MISSISSIPPI CODE OF 1972, TO  
14 PROVIDE THAT 20% OF THE SALES TAX REVENUE COLLECTED FROM THE  
15 OPERATION OF A PROJECT RELATED TO THE RENTAL OF GUEST ROOMS OR  
16 SUITES AND CONFERENCE ROOMS SHALL BE DEPOSITED, AFTER CERTAIN  
17 DIVERSIONS, INTO THE HOTEL RENOVATION PROJECTS SALES TAX INCENTIVE  
18 FUND; AND FOR RELATED PURPOSES.

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

20 **SECTION 1.** As used in Sections 1 through 3 of this act, the  
21 following terms and phrases shall have the meanings ascribed in  
22 this section unless the context clearly indicates otherwise:

23 (a) "Approved project costs" means actual costs  
24 incurred by an approved participant for repair, renovation,  
25 improvements and upgrades relating to guest rooms or suites of a  
26 project and common areas of the project. All costs must be



verified by an independent third party approved by the MDA. An approved participant shall pay the costs for the third-party verification of costs. Approved project costs may not increase regardless of the actual costs incurred by the project.

(b) "Approved participant" means a person, corporation or other entity issued a certificate by the MDA under Section 3 of this act.

(c) "MDA" means the Mississippi Development Authority.

(d) "Project" means a hotel with minimum expenditures of Five Hundred Thousand Dollars (\$500,000.00) for costs incurred for repair, renovation, improvements and upgrades of guest rooms or suites and common areas, and having minimum expenditures of Ten Thousand Dollars (\$10,000.00) per guest room or suite which amount shall be included within the minimum private investment of Five Hundred Thousand Dollars (\$500,000.00).

(e) "State" means the State of Mississippi.

**SECTION 2.** (1) (a) There is created in the State Treasury a special fund to be known as the "Hotel Renovation Projects Sales Tax Incentive Fund," into which shall be deposited such money as provided in Section 27-65-75(23). The monies in the fund shall be used for the purpose of making the incentive payments authorized in this section. The fund shall be administered by the MDA. Unexpended amounts remaining in the fund at the end of a fiscal year shall not lapse into the State General Fund, and any interest earned on or investment earnings on the amounts in the fund shall



52 be deposited to the credit of the fund. The MDA may use not more  
53 than one percent (1%) of interest earned or investment earnings,  
54 or both, on amounts in the fund for administration and management  
55 of the incentive program authorized under Sections 1 through 3 of  
56 this act.

57 (b) Subject to the provisions of this section,  
58 incentive payments may be made by the MDA to an approved  
59 participant that incurs approved project costs related to a  
60 project in the state. The payments to an approved participant  
61 shall be for twenty percent (20%) of the amount of sales tax  
62 revenue collected from the operation of the project relating to  
63 the rental of guest rooms or suites for lodging and conference  
64 rooms, after making the diversions required in Section  
65 27-65-75(1), (7) and (8). The MDA shall make payments to an  
66 approved participant on a semiannual basis with payments being  
67 made in the months of January and July. The aggregate amount of  
68 incentive payments that an approved participant may receive shall  
69 not exceed twenty percent (20%) of the approved project costs  
70 incurred by the approved participant for the project. Expansions,  
71 enlargements or additional investments made by an approved  
72 participant will not increase authorized incentive payments  
73 certified by the MDA. The MDA shall make the calculations  
74 necessary to make the payments provided for in this section. The  
75 MDA shall cease making incentive payments to an approved  
76 participant on the occurrence of the earlier of:



(i) The date that an aggregate amount of twenty percent (20%) of the approved project costs incurred by the approved participant for the project has been paid to the approved participant; or

(ii) Ten (10) years after the date of the commencement of incentive payments to an approved participant for a project.

(2) At such time as incentive payments are no longer required to be made to an approved participant, the MDA shall notify the Department of Revenue and the sales tax revenue collected from the project shall no longer be deposited into the Hotel Renovation Projects Sales Tax Incentive Fund. Any amounts remaining in the fund that were collected from such project shall be transferred to the State General Fund.

**SECTION 3.** (1) The MDA shall develop, implement and administer the incentive program authorized in Sections 1 through 3 of this act and shall promulgate rules and regulations necessary for the development, implementation and administration of such program.

(2) A person, corporation or other entity desiring to participate in the incentive program authorized in Sections 1 through 3 of this act must submit an application and an application fee in the amount of One Thousand Dollars (\$1,000.00) to the MDA. Such application must contain (a) plans for the proposed project; (b) a detailed description of the proposed



project and (c) any other information required by the MDA. The Executive Director of the MDA shall review the application and determine if it qualifies as a project under this section and under the rules and regulations promulgated pursuant to this section. If the executive director determines that the proposed project qualifies as a project under this section and under the rules and regulations promulgated pursuant to this section, he shall issue a certificate to the person, corporation or other entity designating such person, corporation or other entity as an approved participant and authorizing the approved participant to participate in the incentive program provided for in Sections 1 through 3 of this act. No certificate designating an entity as an approved participant and authorizing the approved participant to participate in the incentive program may be issued from and after July 1, 2022.

**SECTION 4.** Section 27-65-75, Mississippi Code of 1972, is amended as follows:

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

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



business activities within a municipal corporation shall be allocated for distribution to the municipality and paid to the municipal corporation. Except as otherwise provided in this paragraph (a), on or before August 15, 1993, and each succeeding month thereafter, eighteen and one-half percent (18-1/2%) of the total sales tax revenue collected during the preceding month under the provisions of this chapter, except that collected under the provisions of Sections 27-65-15, 27-65-19(3), 27-65-21 and 27-65-24, on business activities within a municipal corporation shall be allocated for distribution to the municipality and paid to the municipal corporation. However, in the event the State Auditor issues a certificate of noncompliance pursuant to Section 21-35-31, the Department of Revenue shall withhold ten percent (10%) of the allocations and payments to the municipality that would otherwise be payable to the municipality under this paragraph (a) until such time that the department receives written notice of the cancellation of a certificate of noncompliance from the State Auditor.

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

Monies allocated for distribution and credited to a municipal corporation under this paragraph may be pledged as security for a loan if the distribution received by the municipal corporation is



otherwise authorized or required by law to be pledged as security for such a loan.

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

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

(c) On or before August 15, 2018, and each succeeding month thereafter until August 14, 2019, two percent (2%) of the total sales tax revenue collected during the preceding month under the provisions of this chapter, except that collected under the provisions of Sections 27-65-15, 27-65-19(3), 27-65-21 and



27-65-24, on business activities within the corporate limits of the City of Jackson, Mississippi, shall be deposited into the Capitol Complex Improvement District Project Fund created in Section 29-5-215. On or before August 15, 2019, and each succeeding month thereafter until August 14, 2020, four percent (4%) of the total sales tax revenue collected during the preceding month under the provisions of this chapter, except that collected under the provisions of Sections 27-65-15, 27-65-19(3), 27-65-21 and 27-65-24, on business activities within the corporate limits of the City of Jackson, Mississippi, shall be deposited into the Capitol Complex Improvement District Project Fund created in Section 29-5-215. On or before August 15, 2020, and each succeeding month thereafter, six percent (6%) of the total sales tax revenue collected during the preceding month under the provisions of this chapter, except that collected under the provisions of Sections 27-65-15, 27-65-19(3), 27-65-21 and 27-65-24, on business activities within the corporate limits of the City of Jackson, Mississippi, shall be deposited into the Capitol Complex Improvement District Project Fund created in Section 29-5-215.

(2) On or before September 15, 1987, and each succeeding month thereafter, from the revenue collected under this chapter during the preceding month, One Million One Hundred Twenty-five Thousand Dollars (\$1,125,000.00) shall be allocated for distribution to municipal corporations as defined under subsection





(1) of this section in the proportion that the number of gallons of gasoline and diesel fuel sold by distributors to consumers and retailers in each such municipality during the preceding fiscal year bears to the total gallons of gasoline and diesel fuel sold by distributors to consumers and retailers in municipalities statewide during the preceding fiscal year. The Department of Revenue shall require all distributors of gasoline and diesel fuel to report to the department monthly the total number of gallons of gasoline and diesel fuel sold by them to consumers and retailers in each municipality during the preceding month. The Department of Revenue shall have the authority to promulgate such rules and regulations as is necessary to determine the number of gallons of gasoline and diesel fuel sold by distributors to consumers and retailers in each municipality. In determining the percentage allocation of funds under this subsection for the fiscal year beginning July 1, 1987, and ending June 30, 1988, the Department of Revenue may consider gallons of gasoline and diesel fuel sold for a period of less than one (1) fiscal year. For the purposes of this subsection, the term "fiscal year" means the fiscal year beginning July 1 of a year.

(3) On or before September 15, 1987, and on or before the fifteenth day of each succeeding month, until the date specified in Section 65-39-35, the proceeds derived from contractors' taxes levied under Section 27-65-21 on contracts for the construction or reconstruction of highways designated under the highway program



created under Section 65-3-97 shall, except as otherwise provided in Section 31-17-127, be deposited into the State Treasury to the credit of the State Highway Fund to be used to fund that highway program. The Mississippi Department of Transportation shall provide to the Department of Revenue such information as is necessary to determine the amount of proceeds to be distributed under this subsection.

(4) On or before August 15, 1994, and on or before the fifteenth day of each succeeding month through July 15, 1999, from the proceeds of gasoline, diesel fuel or kerosene taxes as provided in Section 27-5-101(a)(ii)1, Four Million Dollars (\$4,000,000.00) shall be deposited in the State Treasury to the credit of a special fund designated as the "State Aid Road Fund," created by Section 65-9-17. On or before August 15, 1999, and on or before the fifteenth day of each succeeding month, from the total amount of the proceeds of gasoline, diesel fuel or kerosene taxes apportioned by Section 27-5-101(a)(ii)1, Four Million Dollars (\$4,000,000.00) or an amount equal to twenty-three and one-fourth percent (23-1/4%) of those funds, whichever is the greater amount, shall be deposited in the State Treasury to the credit of the "State Aid Road Fund," created by Section 65-9-17. Those funds shall be pledged to pay the principal of and interest on state aid road bonds heretofore issued under Sections 19-9-51 through 19-9-77, in lieu of and in substitution for the funds previously allocated to counties under this section. Those funds



may not be pledged for the payment of any state aid road bonds issued after April 1, 1981; however, this prohibition against the pledging of any such funds for the payment of bonds shall not apply to any bonds for which intent to issue those bonds has been published for the first time, as provided by law before March 29, 1981. From the amount of taxes paid into the special fund under this subsection and subsection (9) of this section, there shall be first deducted and paid the amount necessary to pay the expenses of the Office of State Aid Road Construction, as authorized by the Legislature for all other general and special fund agencies. The remainder of the fund shall be allocated monthly to the several counties in accordance with the following formula:

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

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

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

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



276           The amount of funds allocated to any county under this  
277 subsection for any fiscal year after fiscal year 1994 shall not be  
278 less than the amount allocated to the county for fiscal year 1994.

279           Any reference in the general laws of this state or the  
280 Mississippi Code of 1972 to Section 27-5-105 shall mean and be  
281 construed to refer and apply to subsection (4) of Section  
282 27-65-75.

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

289           (6) An amount each month beginning August 15, 1983, through  
290 November 15, 1986, as specified in Section 6, Chapter 542, Laws of  
291 1983, shall be paid into the special fund known as the  
292 Correctional Facilities Construction Fund created in Section 6,  
293 Chapter 542, Laws of 1983.

294           (7) On or before August 15, 1992, and each succeeding month  
295 thereafter through July 15, 2000, two and two hundred sixty-six  
296 one-thousandths percent (2.266%) of the total sales tax revenue  
297 collected during the preceding month under the provisions of this  
298 chapter, except that collected under the provisions of Section  
299 27-65-17(2), shall be deposited by the department into the School  
300 Ad Valorem Tax Reduction Fund created under Section 37-61-35. On



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

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

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



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

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

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

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



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

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



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

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

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





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

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

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

(18) [Repealed]

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



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

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

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



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

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

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

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

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

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



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

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

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

(23) On or before August 15, 2019, and each succeeding month thereafter, twenty percent (20%) of the sales tax revenue collected during the preceding month under the provisions of this chapter from the operation of a project under Sections 1 through 3 of this act relating to the rental of guest rooms or suites for lodging and conference rooms shall be deposited, after the diversions required in subsections (1), (7) and (8) of this



499 section, into the Hotel Renovation Projects Sales Tax Incentive  
500 Fund created in Section 2 of this act.

501 ( \* \* \*24) The remainder of the amounts collected under the  
502 provisions of this chapter shall be paid into the State Treasury  
503 to the credit of the General Fund.

504 ( \* \* \*25) (a) It shall be the duty of the municipal  
505 officials of any municipality that expands its limits, or of any  
506 community that incorporates as a municipality, to notify the  
507 commissioner of that action thirty (30) days before the effective  
508 date. Failure to so notify the commissioner shall cause the  
509 municipality to forfeit the revenue that it would have been  
510 entitled to receive during this period of time when the  
511 commissioner had no knowledge of the action.

512 (b) (i) Except as otherwise provided in subparagraph  
513 (ii) of this paragraph, if any funds have been erroneously  
514 disbursed to any municipality or any overpayment of tax is  
515 recovered by the taxpayer, the commissioner may make correction  
516 and adjust the error or overpayment with the municipality by  
517 withholding the necessary funds from any later payment to be made  
518 to the municipality.

519 (ii) Subject to the provisions of Sections  
520 27-65-51 and 27-65-53, if any funds have been erroneously  
521 disbursed to a municipality under subsection (1) of this section  
522 for a period of three (3) years or more, the maximum amount that  
523 may be recovered or withheld from the municipality is the total



524 amount of funds erroneously disbursed for a period of three (3)  
525 years beginning with the date of the first erroneous disbursement.  
526 However, if during such period, a municipality provides written  
527 notice to the Department of Revenue indicating the erroneous  
528 disbursement of funds, then the maximum amount that may be  
529 recovered or withheld from the municipality is the total amount of  
530 funds erroneously disbursed for a period of one (1) year beginning  
531 with the date of the first erroneous disbursement.

532       **SECTION 5.** This act shall take effect and be in force from  
533 and after July 1, 2019.

