

## **Senate Amendments to House Bill No. 1456**

**TO THE CLERK OF THE HOUSE:**

**THIS IS TO INFORM YOU THAT THE SENATE HAS ADOPTED THE AMENDMENTS SET OUT BELOW:**

### **AMENDMENT NO. 1**

**Amend by striking all after the enacting clause and inserting in lieu thereof the following:**

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

13       27-35-50. (1) True value shall mean and include, but shall  
14 not be limited to, market value, cash value, actual cash value,  
15 proper value and value for the purposes of appraisal for ad  
16 valorem taxation.

17       (2) With respect to each and every parcel of property  
18 subject to assessment, the tax assessor shall, in ascertaining  
19 true value, consider whenever possible the income capitalization  
20 approach to value, the cost approach to value and the market data  
21 approach to value, as such approaches are determined by the  
22 Department of Revenue. For differing types of categories of  
23 property, differing approaches may be appropriate. The choice of  
24 the particular valuation approach or approaches to be used should  
25 be made by the assessor upon a consideration of the category or  
26 nature of the property, the approaches to value for which the

highest quality data is available, and the current use of the property.

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

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

(b) In arriving at the true value of any land used for agricultural purposes, the appraisal shall be made according to its use on January 1 of each year, regardless of its location; in making the appraisal, the assessor shall use soil types, productivity and other criteria set forth in the land appraisal manuals of the Department of Revenue, which criteria shall include, but not be limited to, an income capitalization approach with a capitalization rate of not less than ten percent (10%) and a moving average of not more than ten (10) years through the year 2020, and for the year 2021 and thereafter, with a capitalization rate of not less than twelve percent (12%) and a moving average of not more than ten (10) years for land devoted to the production of

53 timber and a moving average for all other land as follows: for  
54 the year 2021, four (4) years; for the year 2022, five (5) years;  
55 for the year 2023, six (6) years; for the year 2024, seven (7)  
56 years; for the year 2025, eight (8) years; for the year 2026, nine  
57 (9) years; and for the year 2027 and thereafter, ten (10) years.  
58 However, for the year 1990, the moving average shall not be more  
59 than five (5) years; for the year 1991, not more than six (6)  
60 years; for the year 1992, not more than seven (7) years; for the  
61 year 1993, not more than eight (8) years; and for the year 1994,  
62 not more than nine (9) years; and for the year 1990, the variation  
63 up or down from the previous year shall not exceed twenty percent  
64 (20%) and thereafter, the variation, up or down, from a previous  
65 year shall not exceed ten percent (10%) through the year 2018; and  
66 for the year 2019 and thereafter, the variation, up or down, from  
67 a previous year shall not exceed four percent (4%). The land  
68 shall be deemed to be used for agricultural purposes when it is  
69 devoted to the commercial production of crops and other commercial  
70 products of the soil, including, but not limited to, the  
71 production of fruits and timber or the raising of livestock and  
72 poultry; however, enrollment in the federal Conservation Reserve  
73 Program or in any other United States Department of Agriculture  
74 conservation program or the fact that the land is leased for  
75 hunting or fishing purposes shall not preclude land being deemed  
76 to be used for agricultural purposes solely on the ground that the  
77 land is not being devoted to the production of commercial products  
78 of the soil, and income derived from participation in the federal

79 program or income derived from a hunting or fishing lease may be  
80 used in combination with other relevant criteria to determine the  
81 true value of such land. The true value of aquaculture shall be  
82 determined in the same manner as that used to determine the true  
83 value of row crops.

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

87 (d) In arriving at the true value of affordable rental  
88 housing, the assessor shall use the appraisal procedure set forth  
89 in land appraisal manuals of the Department of Revenue. Such  
90 procedure shall prescribe that the appraisal shall be made  
91 according to actual net operating income attributable to the  
92 property, capitalized at a market value capitalization rate  
93 prescribed by the Department of Revenue that reflects the  
94 prevailing cost of capital for commercial real estate in the  
95 geographical market in which the affordable rental housing is  
96 located adjusted for the enhanced risk that any recorded land use  
97 regulation places on the net operating income from the property.  
98 The owner of affordable rental housing shall provide to the county  
99 tax assessor on or before April 1 of each year, an accurate  
100 statement of the actual net operating income attributable to the  
101 property for the immediately preceding year prepared in accordance  
102 with generally acceptable accounting principles. As used in this  
103 paragraph:

104                   (i) "Affordable rental housing" means residential  
105 housing consisting of one or more rental units, the construction  
106 and/or rental of which is subject to Section 42 of the Internal  
107 Revenue Code (26 USC 42), the Home Investment Partnership Program  
108 under the Cranston-Gonzalez National Affordable Housing Act (42  
109 USC 12741 et seq.), the Federal Home Loan Banks Affordable Housing  
110 Program established pursuant to the Financial Institutions Reform,  
111 Recovery and Enforcement Act (FIRREA) of 1989 (Public Law 101-73),  
112 or any other federal, state or similar program intended to provide  
113 affordable housing to persons of low or moderate income and the  
114 occupancy and maximum rental rates of such housing are restricted  
115 based on the income of the persons occupying such housing.

116                   (ii) "Land use regulation" means a restriction  
117 imposed by an extended low-income housing agreement or other  
118 covenant recorded in the applicable land records or by applicable  
119 law or regulation restricting the maximum income of residents  
120 and/or the maximum rental rate in the affordable rental housing.

121                   (e) In arriving at the true value of ground leases on  
122 real property leased by the Mississippi State Port at Gulfport,  
123 the assessor shall use the appraisal procedure set forth in land  
124 appraisal manuals of the Department of Revenue. Such procedure  
125 shall prescribe that the appraisal shall be made according to  
126 actual net ground rent attributable to the leased premises,  
127 capitalized at a market value capitalization rate prescribed by  
128 the Department of Revenue that reflects the prevailing cost of  
129 capital of commercial real estate in the geographical market in

which the Mississippi State Port at Gulfport is located. As used in this paragraph (e):

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

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

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

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

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

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

154       **SECTION 2.** This act shall take effect and be in force from  
155 and after July 1, 2019, and shall be repealed from and after June  
156 30, 2019.

**Further, amend by striking the title in its entirety and  
inserting in lieu thereof the following:**

1       AN ACT TO AMEND SECTION 27-35-50, MISSISSIPPI CODE OF 1972,  
2 TO REVISE CERTAIN PROVISIONS REGARDING USE OF AN INCOME  
3 CAPITALIZATION APPROACH AS A CRITERIA FOR THE CALCULATION OF TRUE  
4 VALUE FOR LAND USED FOR AGRICULTURAL PURPOSES; TO PROVIDE THAT THE  
5 FACT THAT LAND IS LEASED FOR HUNTING OR FISHING PURPOSES SHALL NOT  
6 PRECLUDE THE LAND FROM BEING DEEMED TO BE USED FOR AGRICULTURAL  
7 PURPOSES; TO PROVIDE THAT INCOME DERIVED FROM A HUNTING OR FISHING  
8 LEASE MAY BE USED IN COMBINATION WITH OTHER RELEVANT CRITERIA TO  
9 DETERMINE THE TRUE VALUE OF LAND; AND FOR RELATED PURPOSES.

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Liz Welch  
Secretary of the Senate