

By: Representative Lamar

To: Ways and Means

COMMITTEE SUBSTITUTE
FOR
HOUSE BILL NO. 1746

1 AN ACT TO AMEND SECTIONS 27-25-503 AND 27-25-703, MISSISSIPPI
2 CODE OF 1972, TO TEMPORARILY REDUCE THE RATE FOR THE OIL SEVERANCE
3 TAX AND GAS SEVERANCE TAX; TO BRING FORWARD SECTIONS 27-25-505 AND
4 27-25-705, MISSISSIPPI CODE OF 1972, WHICH PROVIDE FOR THE
5 DISTRIBUTION OF REVENUE DERIVED FROM THE OIL SEVERANCE TAX AND GAS
6 SEVERANCE TAX, FOR THE PURPOSES OF POSSIBLE AMENDMENT; AND FOR
7 RELATED PURPOSES.

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

9 **SECTION 1.** Section 27-25-503, Mississippi Code of 1972, is
10 amended as follows:

11 27-25-503. (1) (a) Except as otherwise provided in this
12 section, there is levied, to be collected as provided in this
13 article, annual privilege taxes upon every person engaging or
14 continuing within this state in the business of producing, or
15 severing oil from the soil or water for sale, transport, storage,
16 profit or for commercial use. The amount of the tax shall be
17 measured by the value of the oil produced, and shall be levied and
18 assessed at the rate of six percent (6%) of the value of the oil
19 at the point of production. However, from and after July 1, 2020,
20 through June 30, 2021, the tax shall be levied and assessed at the



21 rate of one and three-tenths percent (1.3%) of the value of the
22 oil at the point of production.

23 (b) The tax shall be levied and assessed at the rate of
24 three percent (3%) of the value of the oil at the point of
25 production on oil produced by an enhanced oil recovery method in
26 which carbon dioxide is used; provided, that such carbon dioxide
27 is transported by pipeline to the oil well site and on oil
28 produced by any other enhanced oil recovery method approved and
29 permitted by the State Oil and Gas Board on or after April 1,
30 1994, pursuant to Section 53-3-101 et seq. However, from and
31 after July 1, 2020, through June 30, 2021, the tax shall be levied
32 and assessed at the rate of one and three-tenths percent (1.3%) of
33 the value of the oil at the point of production on oil produced by
34 such an enhanced oil recovery method.

35 (c) (i) The tax shall be levied and assessed at the
36 rate of one and three-tenths percent (1.3%) of the value of the
37 oil at the point of production on oil produced from a horizontally
38 drilled well or from any horizontally drilled recompletion well
39 from which production commences from and after July 1, 2013, for a
40 period of thirty (30) months beginning on the date of first sale
41 of production or until payout of the well cost is achieved,
42 whichever first occurs. Thereafter, the tax shall be levied and
43 assessed as provided for in paragraph (a) of this subsection.

44 (ii) Payout of a horizontally drilled well or
45 horizontally drilled recompletion well shall be deemed to have



46 occurred the first day of the next month after gross revenues,
47 less royalties and severance taxes, equal to the cost to drill and
48 complete the well.

49 (iii) Each operator must apply by letter to the
50 State Oil and Gas Board for the reduced rate provided in this
51 paragraph (c), and shall provide the board with the status of
52 payout on a semiannual basis of any horizontally drilled well or
53 horizontally drilled recompletion well by signed affidavit
54 executed by a company representative.

55 (iv) This paragraph (c) shall be repealed from and
56 after July 1, 2023; however, any horizontally drilled well or
57 horizontally drilled recompletion well from which production
58 commences before July 1, 2023, shall be taxed as provided for in
59 this paragraph (c) notwithstanding that the repeal of this
60 paragraph (c) has become effective.

61 (2) The tax is levied upon the entire production in this
62 state regardless of the place of sale or to whom sold, or by whom
63 used, or the fact that the delivery may be made to points outside
64 the state, and the tax shall accrue at the time the oil is severed
65 from the soil, or water, and in its natural, unrefined or
66 unmanufactured state.

67 (3) (a) Oil produced from a discovery well for which
68 drilling or re-entry commenced on or after April 1, 1994, but
69 before July 1, 1999, shall be exempt from the taxes levied under
70 this section for a period of five (5) years beginning on the date



71 of first sale of production from such well, provided that the
72 average monthly sales price of such oil does not exceed
73 Twenty-five Dollars (\$25.00) per barrel. The exemption for oil
74 produced from a discovery well as described in this paragraph (a)
75 shall be repealed from and after July 1, 2003, provided that any
76 such production for which a permit was granted by the board before
77 July 1, 2003, shall be exempt for an entire period of five (5)
78 years, notwithstanding that the repeal of this provision has
79 become effective. Oil produced from development wells or
80 replacement wells drilled in connection with discovery wells for
81 which drilling commenced on or after January 1, 1994, but before
82 July 1, 1999, shall be assessed at the rate of three percent (3%)
83 of the value of the oil at the point of production for a period of
84 three (3) years. The reduced rate of assessment of oil produced
85 from development wells or replacement wells as described in this
86 paragraph (a) shall be repealed from and after January 1, 2003,
87 provided that any such production for which drilling commenced
88 before January 1, 2003, shall be assessed at the reduced rate for
89 an entire period of three (3) years, notwithstanding that the
90 repeal of this provision has become effective.

91 (b) Oil produced from a discovery well for which
92 drilling or re-entry commenced on or after July 1, 1999, shall be
93 assessed at the rate of three percent (3%) of the value of the oil
94 at the point of production for a period of five (5) years
95 beginning on the date of first sale of production from such well,



96 provided that the average monthly sales price of such oil does not
97 exceed Twenty Dollars (\$20.00) per barrel. The reduced rate of
98 assessment of oil produced from a discovery well as described in
99 this paragraph (b) shall be repealed from and after July 1, 2003,
100 provided that any such production for which a permit was granted
101 by the board before July 1, 2003, shall be assessed at the reduced
102 rate for an entire period of five (5) years, notwithstanding that
103 the repeal of this provision has become effective. Oil produced
104 from development wells or replacement wells drilled in connection
105 with discovery wells for which drilling commenced on or after July
106 1, 1999, shall be assessed at the rate of three percent (3%) of
107 the value of the oil at the point of production for a period of
108 three (3) years. The reduced rate of assessment of oil produced
109 from development wells or replacement wells as described in this
110 paragraph (b) shall be repealed from and after January 1, 2003,
111 provided that any such production for which drilling commenced
112 before July 1, 2003, shall be assessed at the reduced rate for an
113 entire period of three (3) years, notwithstanding that the repeal
114 of this provision has become effective.

115 (4) (a) Oil produced from a development well for which
116 drilling commenced on or after April 1, 1994, but before July 1,
117 1999, and for which three-dimensional seismic was utilized in
118 connection with the drilling of such well shall be assessed at the
119 rate of three percent (3%) of the value of the oil at the point of
120 production for a period of five (5) years, provided that the



121 average monthly sales price of such oil does not exceed
122 Twenty-five Dollars (\$25.00) per barrel. The reduced rate of
123 assessment of oil produced from a development well as described in
124 this paragraph (a) and for which three-dimensional seismic was
125 utilized shall be repealed from and after July 1, 2003, provided
126 that any such production for which a permit was granted by the
127 board before July 1, 2003, shall be assessed at the reduced rate
128 for an entire period of five (5) years, notwithstanding that the
129 repeal of this provision has become effective.

130 (b) Oil produced from a development well for which
131 drilling commenced on or after July 1, 1999, and for which
132 three-dimensional seismic was utilized in connection with the
133 drilling of such well shall be assessed at the rate of three
134 percent (3%) of the value of the oil at the point of production
135 for a period of five (5) years, provided that the average monthly
136 sales price of such oil does not exceed Twenty Dollars (\$20.00)
137 per barrel. The reduced rate of assessment of oil produced from a
138 development well as described in this paragraph (b) and for which
139 three-dimensional seismic was utilized shall be repealed from and
140 after July 1, 2003, provided that any such production for which a
141 permit was granted by the board before July 1, 2003, shall be
142 assessed at the reduced rate for an entire period of five (5)
143 years, notwithstanding that the repeal of this provision has
144 become effective.



145 (5) (a) Oil produced before July 1, 1999, from a two-year
146 inactive well as defined in Section 27-25-501 shall be exempt from
147 the taxes levied under this section for a period of three (3)
148 years beginning on the date of first sale of production from such
149 well, provided that the average monthly sales price of such oil
150 does not exceed Twenty-five Dollars (\$25.00) per barrel. The
151 exemption for oil produced from an inactive well shall be repealed
152 from and after July 1, 2003, provided that any such production
153 which began before July 1, 2003, shall be exempt for an entire
154 period of three (3) years, notwithstanding that the repeal of this
155 provision has become effective.

156 (b) Oil produced on or after July 1, 1999, from a
157 two-year inactive well as defined in Section 27-25-501 shall be
158 exempt from the taxes levied under this section for a period of
159 three (3) years beginning on the date of first sale of production
160 from such well, provided that the average monthly sales price of
161 such oil does not exceed Twenty Dollars (\$20.00) per barrel. The
162 exemption for oil produced from an inactive well shall be repealed
163 from and after July 1, 2003, provided that any such production
164 which began before July 1, 2003, shall be exempt for an entire
165 period of three (3) years, notwithstanding that the repeal of this
166 provision has become effective.

167 (6) [Repealed]



168 (7) The State Oil and Gas Board shall have the exclusive
169 authority to determine the qualification of wells defined in
170 paragraphs (n) through (t) of Section 27-25-501.

171 **SECTION 2.** Section 27-25-703, Mississippi Code of 1972, is
172 amended as follows:

173 27-25-703. (1) (a) Except as otherwise provided in this
174 section, there is hereby levied, to be collected as provided in
175 this article, annual privilege taxes upon every person engaging or
176 continuing within this state in the business of producing, or
177 severing gas from below the soil or water for sale, transport,
178 storage, profit or for commercial use. The amount of the tax
179 shall be measured by the value of the gas produced and shall be
180 levied and assessed at a rate of six percent (6%) of the value of
181 the gas at the point of production, except as otherwise provided
182 in subsection (4) of this section. However, from and after July
183 1, 2020, through June 30, 2021, the tax shall be levied and
184 assessed at the rate of one and three-tenths percent (1.3%) of the
185 value of the gas at the point of production.

186 (b) (i) The tax shall be levied and assessed at the
187 rate of one and three-tenths percent (1.3%) of the value of the
188 gas at the point of production on gas produced from a horizontally
189 drilled well or from any horizontally drilled recompletion well
190 from which production commences from and after July 1, 2013, for a
191 period of thirty (30) months beginning on the date of first sale
192 of production or until payout of the well cost is achieved,



193 whichever first occurs. Thereafter, the tax shall be levied and
194 assessed as provided for in paragraph (a) of this subsection.

195 (ii) Payout of a horizontally drilled well or
196 horizontally drilled recompletion well shall be deemed to have
197 occurred the first day of the next month after gross revenues,
198 less royalties and severance taxes, equal to the cost to drill and
199 complete the well.

200 (iii) Each operator must apply by letter to the
201 State Oil and Gas Board for the reduced rate provided in this
202 paragraph (b), and shall provide the board with the status of
203 payout on a semiannual basis of any horizontally drilled well or
204 horizontally drilled recompletion well by signed affidavit
205 executed by a company representative.

206 (iv) This paragraph (b) shall be repealed from and
207 after July 1, 2023; however, any horizontally drilled well or
208 horizontally drilled recompletion well from which production
209 commences before July 1, 2023, shall be taxed as provided for in
210 this paragraph (b) notwithstanding that the repeal of this
211 paragraph (b) has become effective.

212 (2) The tax is levied upon the entire production in this
213 state, regardless of the place of sale or to whom sold or by whom
214 used, or the fact that the delivery may be made to points outside
215 the state, but not levied upon that gas, lawfully injected into
216 the earth for cycling, repressuring, lifting or enhancing the
217 recovery of oil, nor upon gas lawfully vented or flared in



218 connection with the production of oil, nor upon gas condensed into
219 liquids on which the oil severance tax of six percent (6%) is
220 paid; however, if any gas so injected into the earth is sold for
221 such purposes, then the gas so sold shall not be excluded in
222 computing the tax. The tax shall accrue at the time the gas is
223 produced or severed from the soil or water, and in its natural,
224 unrefined or unmanufactured state.

225 (3) Natural gas and condensate produced from any wells for
226 which drilling is commenced after March 15, 1987, and before July
227 1, 1990, shall be exempt from the tax levied under this section
228 for a period of two (2) years beginning on the date of first sale
229 of production from such wells.

230 (4) (a) Any well which begins commercial production of
231 occluded natural gas from coal seams on or after March 20, 1990,
232 and before July 1, 1993, shall be taxed at the rate of three and
233 one-half percent (3-1/2%) of the gross value of the occluded
234 natural gas from coal seams at the point of production for a
235 period of five (5) years after such well begins production.

236 (b) Any well which begins commercial production of
237 occluded natural gas from coal seams on or after July 1, 2004, and
238 before July 1, 2007, shall be taxed at the rate of three percent
239 (3%) of the gross value of the occluded natural gas from coal
240 seams at the point of production for a period of five (5) years
241 beginning on the date of the first sale of production from such
242 well.



243 (5) (a) Natural gas produced from discovery wells for which
244 drilling or re-entry commenced on or after April 1, 1994, but
245 before July 1, 1999, shall be exempt from the tax levied under
246 this section for a period of five (5) years beginning on the
247 earlier of one (1) year from completion of the well or the date of
248 first sale from such well, provided that the average monthly sales
249 price of such gas does not exceed Three Dollars and Fifty Cents
250 (\$3.50) per one thousand (1,000) cubic feet. The exemption for
251 natural gas produced from discovery wells as described in this
252 paragraph (a) shall be repealed from and after July 1, 2003,
253 provided that any such production for which a permit was granted
254 by the board before July 1, 2003, shall be exempt for an entire
255 period of five (5) years, notwithstanding that the repeal of this
256 provision has become effective. Natural gas produced from
257 development wells or replacement wells drilled in connection with
258 discovery wells for which drilling commenced on or after January
259 1, 1994, shall be assessed at a rate of three percent (3%) of the
260 value thereof at the point of production for a period of three (3)
261 years. The reduced rate of assessment of natural gas produced
262 from development wells or replacement wells as described in this
263 paragraph (a) shall be repealed from and after January 1, 2003,
264 provided that any such production for which drilling commenced
265 before January 1, 2003, shall be assessed at the reduced rate for
266 an entire period of three (3) years, notwithstanding that the
267 repeal of this provision has become effective.



268 (b) Natural gas produced from discovery wells for which
269 drilling or re-entry commenced on or after July 1, 1999, shall be
270 assessed at a rate of three percent (3%) of the value thereof at
271 the point of production for a period of five (5) years beginning
272 on the earlier of one (1) year from completion of the well or the
273 date of first sale from such well, provided that the average
274 monthly sales price of such gas does not exceed Two Dollars and
275 Fifty Cents (\$2.50) per one thousand (1,000) cubic feet. The
276 reduced rate of assessment of natural gas produced from discovery
277 wells as described in this paragraph (b) shall be repealed from
278 and after July 1, 2003, provided that any such production for
279 which a permit was granted by the board before July 1, 2003, shall
280 be assessed at the reduced rate for an entire period of five (5)
281 years, notwithstanding that the repeal of this provision has
282 become effective. Natural gas produced from development wells or
283 replacement wells drilled in connection with discovery wells for
284 which drilling commenced on or after July 1, 1999, shall be
285 assessed at a rate of three percent (3%) of the value thereof at
286 the point of production for a period of three (3) years. The
287 reduced rate of assessment of natural gas produced from
288 development wells or replacement wells as described in this
289 paragraph (b) shall be repealed from and after January 1, 2003,
290 provided that any such production for which drilling commenced
291 before January 1, 2003, shall be assessed at the reduced rate for



292 an entire period of three (3) years, notwithstanding that the
293 repeal of this provision has become effective.

294 (6) (a) Gas produced from a development well for which
295 drilling commenced on or after April 1, 1994, but before July 1,
296 1999, and for which three-dimensional seismic was utilized in
297 connection with the drilling of such well, shall be assessed at a
298 rate of three percent (3%) of the value of the gas at the point of
299 production for a period of five (5) years, provided that the
300 average monthly sales price of such gas does not exceed Three
301 Dollars and Fifty Cents (\$3.50) per one thousand (1,000) cubic
302 feet. The reduced rate of assessment of gas produced from a
303 development well as described in this subsection and for which
304 three-dimensional seismic was utilized shall be repealed from and
305 after July 1, 2003, provided that any such production for which a
306 permit was granted by the board before July 1, 2003, shall be
307 assessed at the reduced rate for an entire period of five (5)
308 years, notwithstanding that the repeal of this provision has
309 become effective.

310 (b) Gas produced from a development well for which
311 drilling commenced on or after July 1, 1999, and for which
312 three-dimensional seismic was utilized in connection with the
313 drilling of such well, shall be assessed at a rate of three
314 percent (3%) of the value of the gas at the point of production
315 for a period of five (5) years, provided that the average monthly
316 sales price of such gas does not exceed Two Dollars and Fifty



317 Cents (\$2.50) per one thousand (1,000) cubic feet. The reduced
318 rate of assessment of gas produced from a development well as
319 described in this paragraph (b) and for which three-dimensional
320 seismic was utilized shall be repealed from and after July 1,
321 2003, provided that any such production for which a permit was
322 granted by the board before July 1, 2003, shall be assessed at the
323 reduced rate for an entire period of five (5) years,
324 notwithstanding that the repeal of this provision has become
325 effective.

326 (7) (a) Natural gas produced before July 1, 1999, from a
327 two-year inactive well as defined in Section 27-25-701 shall be
328 exempt from the taxes levied under this section for a period of
329 three (3) years beginning on the date of first sale of production
330 from such well, provided that the average monthly sales price of
331 such gas does not exceed Three Dollars and Fifty Cents (\$3.50) per
332 one thousand (1,000) cubic feet. The exemption for natural gas
333 produced from an inactive well as described in this subsection
334 shall be repealed from and after July 1, 2003, provided that any
335 such production which began before July 1, 2003, shall be exempt
336 for an entire period of three (3) years, notwithstanding that the
337 repeal of this provision has become effective.

338 (b) Natural gas produced on or after July 1, 1999, from
339 a two-year inactive well as defined in Section 27-25-701 shall be
340 exempt from the taxes levied under this section for a period of
341 three (3) years beginning on the date of first sale of production



342 from such well, provided that the average monthly sales price of
343 such gas does not exceed Two Dollars and Fifty Cents (\$2.50) per
344 one thousand (1,000) cubic feet. The exemption for natural gas
345 produced from an inactive well as described in this paragraph (b)
346 shall be repealed from and after July 1, 2003, provided that any
347 such production which began before July 1, 2003, shall be exempt
348 for an entire period of three (3) years, notwithstanding that the
349 repeal of this provision has become effective.

350 (8) The State Oil and Gas Board shall have the exclusive
351 authority to determine the qualification of wells defined in
352 paragraphs (n) through (t) of Section 27-25-701.

353 **SECTION 3.** Section 27-25-505, Mississippi Code of 1972, is
354 brought forward as follows:

355 **[With regard to any county which is exempt from the**
356 **provisions of Section 19-2-3, this section shall read as follows:]**

357 27-25-505. (1) All taxes levied in this article and
358 collected by the Department of Revenue shall be paid into the
359 State Treasury on the same day collected.

360 (2) Except as otherwise provided in this section, the
361 commissioner shall apportion all the tax collections made pursuant
362 to this article to the state and to the county in which the oil
363 was produced, in accordance with the following schedule and so
364 certify such apportionment to the State Treasurer at the end of
365 each month:



366 On the first Six Hundred Thousand Dollars (\$600,000.00) or
367 any part thereof, sixty-six and two-thirds percent (66-2/3%) to
368 the state and thirty-three and one-third percent (33-1/3%) to the
369 county.

370 Above and exceeding Six Hundred Thousand Dollars
371 (\$600,000.00), or any part thereof, ninety percent (90%) to the
372 state and ten percent (10%) to the county through June 30, 1989;
373 eighty-five percent (85%) to the state and fifteen percent (15%)
374 to the county from July 1, 1989, through June 30, 1990; eighty
375 percent (80%) to the state and twenty percent (20%) to the county
376 from July 1, 1990, through June 30, 2015; seventy-nine percent
377 (79%) to the state and twenty-one percent (21%) to the county from
378 July 1, 2015, through June 30, 2016; seventy-eight percent (78%)
379 to the state and twenty-two percent (22%) to the county from July
380 1, 2016, through June 30, 2017; seventy-seven percent (77%) to the
381 state and twenty-three percent (23%) to the county from July 1,
382 2017, through June 30, 2018; seventy-six percent (76%) to the
383 state and twenty-four percent (24%) to the county from July 1,
384 2018, through June 30, 2019; and seventy-four percent (74%) to the
385 state and twenty-six percent (26%) to the county for each fiscal
386 year thereafter.

387 (3) The state's share of all oil severance taxes collected
388 pursuant to this article shall be deposited as provided for in
389 Section 27-25-506.



390 (4) The commissioner shall apportion all the tax collections
391 made pursuant to Section 27-25-503(1)(c) to the county in which
392 the oil was produced.

393 (5) The State Treasurer shall remit the county's share of
394 taxes collected pursuant to this article on or before the
395 twentieth day of the month next succeeding the month in which the
396 collections were made, for division among the municipalities and
397 taxing districts of the county. He shall accompany his remittance
398 with a report to the county receiving the funds prepared by the
399 commissioner showing from whom the tax was collected. Upon
400 receipt of the funds, the board of supervisors of the county shall
401 allocate the funds to the municipalities and to the various
402 maintenance and bond and interest funds of the county, school
403 districts, supervisors districts and road districts, as provided
404 in this subsection.

405 (6) Except as provided in subsection (8) of this section,
406 when there are any oil producing properties within the corporate
407 limits of any municipality, then the municipality shall
408 participate in the division of the tax returned to the county in
409 which the municipality is located, in the proportion which the tax
410 on production of oil from any properties located within the
411 municipal corporate limits bears to the tax on the total
412 production of oil in the county. In no event, however, shall the
413 amount allocated to municipalities exceed one-third (1/3) of the
414 tax produced in the municipality and returned to the county. Any



415 amount received by any municipality as a result of the allocation
416 provided for in this subsection shall be used only for such
417 purposes as are authorized by law.

418 (7) Except as provided in subsection (8) of this section,
419 the balance remaining of any amount of tax returned to the county
420 after the allocation to municipalities shall be divided among the
421 various maintenance and bond interest funds of the county, school
422 districts, supervisors districts and road districts, in the
423 discretion of the board of supervisors, and the board shall make
424 the division in consideration of the needs of the various taxing
425 districts. The funds so allocated shall be used only for purposes
426 as are authorized by law.

427 (8) Any amount above and exceeding Six Hundred Thousand
428 Dollars (\$600,000.00) that is remitted to the county that is more
429 than twenty percent (20%) of the taxes above and exceeding Six
430 Hundred Thousand Dollars (\$600,000.00) collected on oil produced
431 in the county, shall be utilized by the county for infrastructure
432 repairs.

433 **[With regard to any county which is required to operate on a**
434 **countywide system of road administration as described in Section**
435 **19-2-3, this section shall read as follows:]**

436 27-25-505. (1) All taxes levied in this article and
437 collected by the Department of Revenue shall be paid into the
438 State Treasury on the same day collected.



439 (2) Except as otherwise provided in this section, the
440 commissioner shall apportion all the tax collections made pursuant
441 to this article to the state and to the county in which the oil
442 was produced, in accordance with the following schedule and so
443 certify such apportionment to the State Treasurer at the end of
444 each month:

445 On the first Six Hundred Thousand Dollars (\$600,000.00) or
446 any part thereof, sixty-six and two-thirds percent (66-2/3%) to
447 the state and thirty-three and one-third percent (33-1/3%) to the
448 county.

449 Above and exceeding Six Hundred Thousand Dollars
450 (\$600,000.00), or any part thereof, ninety percent (90%) to the
451 state and ten percent (10%) to the county through June 30, 1989;
452 eighty-five percent (85%) to the state and fifteen percent (15%)
453 to the county from July 1, 1989, through June 30, 1990; eighty
454 percent (80%) to the state and twenty percent (20%) to the county
455 from July 1, 1990, through June 30, 2015; seventy-nine percent
456 (79%) to the state and twenty-one percent (21%) to the county from
457 July 1, 2015, through June 30, 2016; seventy-eight percent (78%)
458 to the state and twenty-two percent (22%) to the county from July
459 1, 2016, through June 30, 2017; seventy-seven percent (77%) to the
460 state and twenty-three percent (23%) to the county from July 1,
461 2017, through June 30, 2018; seventy-six percent (76%) to the
462 state and twenty-four percent (24%) to the county from July 1,
463 2018, through June 30, 2019; and seventy-four percent (74%) to the



464 state and twenty-six percent (26%) to the county for each fiscal
465 year thereafter.

466 (3) The state's share of all oil severance taxes collected
467 pursuant to this article shall be deposited as provided for in
468 Section 27-25-506.

469 (4) The commissioner shall apportion all the tax collections
470 made pursuant to the tax levied in Section 27-25-503(1)(c) to the
471 county in which the oil was produced.

472 (5) The State Treasurer shall remit the county's share of
473 the taxes collected pursuant to this article on or before the
474 twentieth day of the month next succeeding the month in which the
475 collections were made, for division among the municipalities and
476 taxing districts of the county. He shall accompany his remittance
477 with a report to the county receiving the funds prepared by the
478 commissioner showing from whom the tax was collected. Upon
479 receipt of the funds, the board of supervisors of the county shall
480 allocate the funds to the municipalities and to the various
481 maintenance and bond and interest funds of the county and school
482 districts, as provided in this subsection.

483 (6) Except as provided in subsection (8) of this section,
484 when there are any oil producing properties within the corporate
485 limits of any municipality, then the municipality shall
486 participate in the division of the tax returned to the county in
487 which the municipality is located, in the proportion which the tax
488 on production of oil from any properties located within the



489 municipal corporate limits bears to the tax on the total
490 production of oil in the county. In no event, however, shall the
491 amount allocated to municipalities exceed one-third (1/3) of the
492 tax produced in the municipality and returned to the county. Any
493 amount received by any municipality as a result of the allocation
494 provided in this subsection shall be used only for such purposes
495 as are authorized by law.

496 (7) Except as provided in subsection (8) of this section,
497 the balance remaining of any amount of tax returned to the county
498 after the allocation to municipalities shall be divided among the
499 various maintenance and bond interest funds of the county and
500 school districts, in the discretion of the board of supervisors,
501 and the board shall make the division in consideration of the
502 needs of the various taxing districts. The funds so allocated
503 shall be used only for purposes as are authorized by law.

504 (8) Any amount above and exceeding Six Hundred Thousand
505 Dollars (\$600,000.00) that is remitted to the county that is more
506 than twenty percent (20%) of the taxes above and exceeding Six
507 Hundred Thousand Dollars (\$600,000.00) collected on oil produced
508 in the county, shall be utilized by the county for infrastructure
509 repairs.

510 **SECTION 4.** Section 27-25-705, Mississippi Code of 1972, is
511 brought forward as follows:

512 **[With regard to any county which is exempt from the**
513 **provisions of Section 19-2-3, this section shall read as follows:]**



514 27-25-705. (1) All taxes levied in this article and
515 collected by the department shall be paid into the State Treasury
516 on the same day in which the taxes are collected.

517 (2) Except as otherwise provided in this section, the
518 commissioner shall apportion all the tax collections made pursuant
519 to this article to the state and to the county in which the gas
520 was produced, in the proportion of sixty-six and two-thirds
521 percent (66-2/3%) to the state and thirty-three and one-third
522 percent (33-1/3%) to the county.

523 (3) The commissioner shall apportion all the tax collections
524 made pursuant to Section 27-25-703(1)(b) to the county in which
525 the gas is produced.

526 (4) When the producer of gas subject to the tax levied in
527 this article increases the price of the gas sold and such increase
528 is subject to approval by a federal regulatory board or
529 commission, and when the producer of the gas so requests, the
530 State Treasurer is hereby authorized to hold the severance tax
531 collected on the price increase in escrow until such time as the
532 price increase or a portion thereof is finally granted or
533 approved. The severance tax thus held in escrow shall be
534 deposited by the State Treasurer to an account in a state
535 depository to be invested in an interest-bearing account in the
536 manner provided by law. When the price increase in question or a
537 portion thereof is granted or approved, the commissioner shall
538 compute the correct severance tax due on the increase and certify



539 the amount of tax thus computed. This amount and interest earned
540 from the depository shall be distributed to the General Fund and
541 to the county or counties proportionately as provided in this
542 subsection. The balance, if any, of the tax and interest held in
543 escrow on the price increase shall be returned to the taxpayer.

544 (5) The state's share of all gas severance taxes collected
545 pursuant to this section shall be deposited as provided for in
546 Section 27-25-506.

547 (6) The commissioner shall certify at the end of each month
548 the apportionment to each county to the State Treasurer, who shall
549 remit the county's share of the funds on or before the twentieth
550 day of the month next succeeding the month in which the
551 collections were made for division among the municipalities and
552 taxing districts of the county. The commissioner shall submit a
553 report to the State Treasurer for distribution to each county
554 receiving the funds showing from whom the tax and interest, if
555 any, were collected. Upon receipt of the funds, the board of
556 supervisors of the county shall allocate the funds to the
557 municipalities and to the various maintenance and bond and
558 interest funds of the county, school districts, supervisors
559 districts and road districts, as provided in this subsection.

560 When there are any gas producing properties within the
561 corporate limits of any municipality, then the municipality shall
562 participate in the division of the tax and interest, if any,
563 returned to the county in which the municipality is located in the



564 proportion which the tax on production of gas from properties
565 located within the municipal corporate limits bears to the tax on
566 total production of gas in the county. In no event, however,
567 shall the amount allocated to the municipalities exceed one-third
568 (1/3) of the tax and interest produced in the municipality and
569 returned to the county. Any amount received by any municipality
570 as a result of the allocation provided for in this subsection
571 shall be used for such purposes as are authorized by law.

572 The balance remaining of any funds returned to the county
573 after the allocation to municipalities shall be divided among the
574 various maintenance and bond and interest funds of the county,
575 school districts, supervisors districts and road districts, in the
576 discretion of the board of supervisors, and the board shall make
577 the division in consideration of the needs of the various taxing
578 districts. The funds so allocated shall be used only for such
579 purposes as are authorized by law.

580 **[With regard to any county which is required to operate on a**
581 **countywide system of road administration as described in Section**
582 **19-2-3, this section shall read as follows:]**

583 27-25-705. (1) All taxes herein levied in this article and
584 collected by the department shall be paid into the State Treasury
585 on the same day in which the taxes are collected.

586 (2) Except as otherwise provided in this section, the
587 commissioner shall apportion all the tax collections made pursuant
588 to this article to the state and to the county in which the gas



589 was produced, in the proportion of sixty-six and two-thirds
590 percent (66-2/3%) to the state and thirty-three and one-third
591 percent (33-1/3%) to the county.

592 (3) The commissioner shall apportion all the tax collections
593 made pursuant to Section 27-25-703(1)(b) to the county in which
594 the gas is produced.

595 (4) When the producer of gas subject to the tax levied in
596 this article increases the price of the gas sold and the increase
597 is subject to approval by a federal regulatory board or
598 commission, and when the producer of the gas so requests, the
599 State Treasurer is hereby authorized to hold the severance tax
600 collected on the price increase in escrow until such time as the
601 price increase or a portion thereof is finally granted or
602 approved. The severance tax thus held in escrow shall be
603 deposited by the State Treasurer to an account in a state
604 depository to be invested in an interest-bearing account in the
605 manner provided by law. When the price increase in question or a
606 portion thereof is granted or approved, the commissioner shall
607 compute the correct severance tax due on the increase and certify
608 the amount of tax thus computed. This amount and interest earned
609 from the depository shall be distributed to the General Fund and
610 to the county or counties proportionately as provided in this
611 subsection. The balance, if any, of the tax and interest held in
612 escrow on the price increase shall be returned to the taxpayer.



613 (5) The state's share of all gas severance taxes collected
614 pursuant to this section shall be deposited as provided for in
615 Section 27-25-506.

616 (6) The commissioner shall certify at the end of each month
617 the apportionment to each county to the State Treasurer, who shall
618 remit the county's share of the funds on or before the twentieth
619 day of the month next succeeding the month in which the
620 collections were made for division among the municipalities and
621 taxing districts of the county. The commissioner shall submit a
622 report to the State Treasurer for distribution to each county
623 receiving the funds showing from whom the tax and interest, if
624 any, were collected. Upon receipt of the funds, the board of
625 supervisors of the county shall allocate the funds to the
626 municipalities and to the various maintenance and bond and
627 interest funds of the county and school districts, as provided in
628 this subsection.

629 When there are any gas producing properties within the
630 corporate limits of any municipality, then the municipality shall
631 participate in the division of the tax and interest, if any,
632 returned to the county in which the municipality is located in the
633 proportion which the tax on production of gas from properties
634 located within the municipal corporate limits bears to the tax on
635 total production of gas in the county. In no event, however,
636 shall the amount allocated to the municipalities exceed one-third
637 (1/3) of the tax and interest produced in the municipality and



638 returned to the county. Any amount received by any municipality
639 as a result of the allocation provided for in this subsection
640 shall be used for such purposes as are authorized by law.

641 The balance remaining of any funds returned to the county
642 after the allocation to municipalities shall be divided among the
643 various maintenance and bond and interest funds of the county and
644 school districts, in the discretion of the board of supervisors,
645 and the board shall make the division in consideration of the
646 needs of the various taxing districts. The funds so allocated
647 shall be used only for such purposes as are authorized by law.

648 **SECTION 5.** This act shall take effect and be in force from
649 and after July 1, 2020, and shall stand repealed on June 30, 2020.

