

By: Representative Currie

To: Municipalities

HOUSE BILL NO. 150

1 AN ACT TO PROHIBIT MUNICIPALITIES FROM DEFUNDING POLICE
2 DEPARTMENTS; TO PROVIDE CERTAIN DEFINITIONS; TO PROVIDE THAT IF A
3 POLICY IS IMPLEMENTED OR ADOPTED BY A MUNICIPALITY TO DEFUND ITS
4 POLICE DEPARTMENT, THEN THE DEPARTMENT OF REVENUE SHALL WITHHOLD
5 TEN PERCENT OF THE SALES TAX REVENUE THAT WOULD OTHERWISE BE
6 PAYABLE TO THE MUNICIPALITY UNTIL SUCH TIME THE DEPARTMENT
7 RECEIVES CERTAIN NOTICE THAT THE MUNICIPALITY NO LONGER IMPLEMENTS
8 SUCH POLICY; TO AMEND SECTION 27-65-75, MISSISSIPPI CODE OF 1972,
9 IN CONFORMITY THERETO; AND FOR RELATED PURPOSES.

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

11 **SECTION 1.** (1) For purposes of this act, the following
12 words and terms shall have the meanings ascribed in this section
13 unless the context clearly indicates otherwise:

14 (a) "Defunding the police policy" means any municipal
15 policy, order or ordinance that:

16 (i) Abolishes or disbands the police department
17 with no intention of reconstituting the municipality's police
18 department; or

19 (ii) Significantly reduces a police department's
20 budget without reallocating a portion of that money to any other



community policing program, provided that the municipality did not face a significant decrease in revenues in the previous year.

(b) "Municipality" means any city, town or village as defined in Section 21-1-1.

(2) No municipality shall adopt or enact any defunding the police policy. Any municipality that enacts or adopts such a policy shall not receive any distribution of sales tax revenue under Section 27-65-75(1)(a) until the policy is repealed or is no longer in effect.

(3) Before the monthly distribution of sales tax revenue under Section 27-65-75(1), any member of the Mississippi House of Representatives or Senate may request that the Attorney General of the State of Mississippi issue an opinion stating whether a municipality has current policies that violate the provisions of this section.

SECTION 2. 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



46 business activities within a municipal corporation shall be
47 allocated for distribution to the municipality and paid to the
48 municipal corporation. Except as otherwise provided in this
49 paragraph (a), on or before August 15, 1993, and each succeeding
50 month thereafter, eighteen and one-half percent (18-1/2%) of the
51 total sales tax revenue collected during the preceding month under
52 the provisions of this chapter, except that collected under the
53 provisions of Sections 27-65-15, 27-65-19(3), 27-65-21 and
54 27-65-24, on business activities within a municipal corporation
55 shall be allocated for distribution to the municipality and paid
56 to the municipal corporation. However, in the event the State
57 Auditor issues a certificate of noncompliance pursuant to Section
58 21-35-31, the Department of Revenue shall withhold ten percent
59 (10%) of the allocations and payments to the municipality that
60 would otherwise be payable to the municipality under this
61 paragraph (a) until such time that the department receives written
62 notice of the cancellation of a certificate of noncompliance from
63 the State Auditor. Also, the Department of Revenue shall withhold
64 ten percent (10%) of the allocations and payments to the
65 municipality that would otherwise be payable under this paragraph
66 (a) until such time that the department receives notice that the
67 municipality has complied with the requirements of Section 1 of
68 this act.



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

72 Monies allocated for distribution and credited to a municipal
73 corporation under this paragraph may be pledged as security for a
74 loan if the distribution received by the municipal corporation is
75 otherwise authorized or required by law to be pledged as security
76 for such a loan.

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

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



93 learning or community or junior college and paid to the state
94 institution of higher learning or community or junior college.

95 (c) On or before August 15, 2018, and each succeeding
96 month thereafter until August 14, 2019, two percent (2%) of the
97 total sales tax revenue collected during the preceding month under
98 the provisions of this chapter, except that collected under the
99 provisions of Sections 27-65-15, 27-65-19(3), 27-65-21 and
100 27-65-24, on business activities within the corporate limits of
101 the City of Jackson, Mississippi, shall be deposited into the
102 Capitol Complex Improvement District Project Fund created in
103 Section 29-5-215. On or before August 15, 2019, and each
104 succeeding month thereafter until August 14, 2020, four percent
105 (4%) of the total sales tax revenue collected during the preceding
106 month under the provisions of this chapter, except that collected
107 under the provisions of Sections 27-65-15, 27-65-19(3), 27-65-21
108 and 27-65-24, on business activities within the corporate limits
109 of the City of Jackson, Mississippi, shall be deposited into the
110 Capitol Complex Improvement District Project Fund created in
111 Section 29-5-215. On or before August 15, 2020, and each
112 succeeding month thereafter, six percent (6%) of the total sales
113 tax revenue collected during the preceding month under the
114 provisions of this chapter, except that collected under the
115 provisions of Sections 27-65-15, 27-65-19(3), 27-65-21 and
116 27-65-24, on business activities within the corporate limits of
117 the City of Jackson, Mississippi, shall be deposited into the



Capitol Complex Improvement District Project Fund created in
Section 29-5-215.

(d) (i) On or before the fifteenth day of the month
that the diversion authorized by this section begins, 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 within a redevelopment
project area developed under a redevelopment plan adopted under
the Tax Increment Financing Act (Section 21-45-1 et seq.) shall be
allocated for distribution to the county in which the project area
is located if:

1. The county borders on the Mississippi
Sound and the State of Alabama;

2. The county has issued bonds under Section
21-45-9 to finance all or a portion of a redevelopment project in
the redevelopment project area;

3. Any debt service for the indebtedness
incurred is outstanding; and

4. A development with a value of Ten Million
Dollars (\$10,000,000.00) or more is, or will be, located in the
redevelopment area.

(ii) Before any sales tax revenue may be allocated
for distribution to a county under this paragraph, the county



shall certify to the Department of Revenue that the requirements of this paragraph have been met, the amount of bonded indebtedness that has been incurred by the county for the redevelopment project and the expected date the indebtedness incurred by the county will be satisfied.

(iii) The diversion of sales tax revenue authorized by this paragraph shall begin the month following the month in which the Department of Revenue determines that the requirements of this paragraph have been met. The diversion shall end the month the indebtedness incurred by the county is satisfied. All revenue received by the county under this paragraph shall be deposited in the fund required to be created in the tax increment financing plan under Section 21-45-11 and be utilized solely to satisfy the indebtedness incurred by the county.

(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



168 statewide during the preceding fiscal year. The Department of
169 Revenue shall require all distributors of gasoline and diesel fuel
170 to report to the department monthly the total number of gallons of
171 gasoline and diesel fuel sold by them to consumers and retailers
172 in each municipality during the preceding month. The Department
173 of Revenue shall have the authority to promulgate such rules and
174 regulations as is necessary to determine the number of gallons of
175 gasoline and diesel fuel sold by distributors to consumers and
176 retailers in each municipality. In determining the percentage
177 allocation of funds under this subsection for the fiscal year
178 beginning July 1, 1987, and ending June 30, 1988, the Department
179 of Revenue may consider gallons of gasoline and diesel fuel sold
180 for a period of less than one (1) fiscal year. For the purposes
181 of this subsection, the term "fiscal year" means the fiscal year
182 beginning July 1 of a year.

183 (3) On or before September 15, 1987, and on or before the
184 fifteenth day of each succeeding month, until the date specified
185 in Section 65-39-35, the proceeds derived from contractors' taxes
186 levied under Section 27-65-21 on contracts for the construction or
187 reconstruction of highways designated under the highway program
188 created under Section 65-3-97 shall, except as otherwise provided
189 in Section 31-17-127, be deposited into the State Treasury to the
190 credit of the State Highway Fund to be used to fund that highway
191 program. The Mississippi Department of Transportation shall
192 provide to the Department of Revenue such information as is



193 necessary to determine the amount of proceeds to be distributed
194 under this subsection.

195 (4) On or before August 15, 1994, and on or before the
196 fifteenth day of each succeeding month through July 15, 1999, from
197 the proceeds of gasoline, diesel fuel or kerosene taxes as
198 provided in Section 27-5-101(a)(ii)1, Four Million Dollars
199 (\$4,000,000.00) shall be deposited in the State Treasury to the
200 credit of a special fund designated as the "State Aid Road Fund,"
201 created by Section 65-9-17. On or before August 15, 1999, and on
202 or before the fifteenth day of each succeeding month, from the
203 total amount of the proceeds of gasoline, diesel fuel or kerosene
204 taxes apportioned by Section 27-5-101(a)(ii)1, Four Million
205 Dollars (\$4,000,000.00) or an amount equal to twenty-three and
206 one-fourth percent (23-1/4%) of those funds, whichever is the
207 greater amount, shall be deposited in the State Treasury to the
208 credit of the "State Aid Road Fund," created by Section 65-9-17.
209 Those funds shall be pledged to pay the principal of and interest
210 on state aid road bonds heretofore issued under Sections 19-9-51
211 through 19-9-77, in lieu of and in substitution for the funds
212 previously allocated to counties under this section. Those funds
213 may not be pledged for the payment of any state aid road bonds
214 issued after April 1, 1981; however, this prohibition against the
215 pledging of any such funds for the payment of bonds shall not
216 apply to any bonds for which intent to issue those bonds has been
217 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.

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

Any reference in the general laws of this state or the Mississippi Code of 1972 to Section 27-5-105 shall mean and be



construed to refer and apply to subsection (4) of Section 27-65-75.

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

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

(7) On or before August 15, 1992, and each succeeding month thereafter through July 15, 2000, 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 by the department into the School 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



268 School Ad Valorem Tax Reduction Fund created under Section
269 37-61-35 until such time that the total amount deposited into the
270 fund during a fiscal year equals Forty-two Million Dollars
271 (\$42,000,000.00). Thereafter, the amounts diverted under this
272 subsection (7) during the fiscal year in excess of Forty-two
273 Million Dollars (\$42,000,000.00) shall be deposited into the
274 Education Enhancement Fund created under Section 37-61-33 for
275 appropriation by the Legislature as other education needs and
276 shall not be subject to the percentage appropriation requirements
277 set forth in Section 37-61-33.

278 (8) On or before August 15, 1992, and each succeeding month
279 thereafter, nine and seventy-three one-thousandths percent
280 (9.073%) of the total sales tax revenue collected during the
281 preceding month under the provisions of this chapter, except that
282 collected under the provisions of Section 27-65-17(2), shall be
283 deposited into the Education Enhancement Fund created under
284 Section 37-61-33.

285 (9) On or before August 15, 1994, and each succeeding month
286 thereafter, from the revenue collected under this chapter during
287 the preceding month, Two Hundred Fifty Thousand Dollars
288 (\$250,000.00) shall be paid into the State Aid Road Fund.

289 (10) On or before August 15, 1994, and each succeeding month
290 thereafter through August 15, 1995, from the revenue collected
291 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



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

352 (15) Notwithstanding any other provision of this section to
353 the contrary, on or before September 15, 2000, and each succeeding
354 month thereafter, the sales tax revenue collected during the
355 preceding month under the provisions of Section
356 27-65-19(1)(d)(i)2, and 27-65-19(1)(d)(i)3 shall be deposited,
357 without diversion, into the Telecommunications Ad Valorem Tax
358 Reduction Fund established in Section 27-38-7.

359 (16) (a) On or before August 15, 2000, and each succeeding
360 month thereafter, the sales tax revenue collected during the
361 preceding month under the provisions of this chapter on the gross
362 proceeds of sales of a project as defined in Section 57-30-1 shall
363 be deposited, after all diversions except the diversion provided
364 for in subsection (1) of this section, into the Sales Tax
365 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 Fund, one hundred percent (100%) of the diversion shall be deposited into the fund;

(ii) For the seventh year in which such payments are made to a developer from the Redevelopment Project Incentive



415 Fund, eighty percent (80%) of the diversion shall be deposited
416 into the fund;

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

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

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

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

436 (21) (a) On or before April 15, 2007, and each succeeding
437 month thereafter through June 15, 2013, One Hundred Fifty Thousand
438 Dollars (\$150,000.00) of the sales tax revenue collected during
439 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) (a) On or before August 15, 2019, and each month thereafter through July 15, 2020, one percent (1%) of the total sales tax revenue collected during the preceding month from restaurants and hotels shall be allocated for distribution to the Mississippi Development Authority Tourism Advertising Fund established under Section 57-1-64, to be used exclusively for the purpose stated therein. On or before August 15, 2020, and each month thereafter through July 15, 2021, two percent (2%) of the total sales tax revenue collected during the preceding month from restaurants and hotels shall be allocated for distribution to the Mississippi Development Authority Tourism Advertising Fund



established under Section 57-1-64, to be used exclusively for the purpose stated therein. On or before August 15, 2021, and each month thereafter, three percent (3%) of the total sales tax revenue collected during the preceding month from restaurants and hotels shall be allocated for distribution to the Mississippi Development Authority Tourism Advertising Fund established under Section 57-1-64, to be used exclusively for the purpose stated therein. The revenue diverted pursuant to this subsection shall not be available for expenditure until February 1, 2020.

(b) The Joint Legislative Committee on Performance Evaluation and Expenditure Review (PEER) must provide an annual report to the Legislature indicating the amount of funds deposited into the Mississippi Development Authority Tourism Advertising Fund established under Section 57-1-64, and a detailed record of how the funds are spent.

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

(25) (a) It shall be the duty of the municipal officials of any municipality that expands its limits, or of any community that incorporates as a municipality, to notify the commissioner of that action thirty (30) days before the effective date. Failure to so notify the commissioner shall cause the municipality to forfeit the revenue that it would have been entitled to receive during



489 this period of time when the commissioner had no knowledge of the
490 action.

491 (b) (i) Except as otherwise provided in subparagraph
492 (ii) of this paragraph, if any funds have been erroneously
493 disbursed to any municipality or any overpayment of tax is
494 recovered by the taxpayer, the commissioner may make correction
495 and adjust the error or overpayment with the municipality by
496 withholding the necessary funds from any later payment to be made
497 to the municipality.

498 (ii) Subject to the provisions of Sections
499 27-65-51 and 27-65-53, if any funds have been erroneously
500 disbursed to a municipality under subsection (1) of this section
501 for a period of three (3) years or more, the maximum amount that
502 may be recovered or withheld from the municipality is the total
503 amount of funds erroneously disbursed for a period of three (3)
504 years beginning with the date of the first erroneous disbursement.
505 However, if during such period, a municipality provides written
506 notice to the Department of Revenue indicating the erroneous
507 disbursement of funds, then the maximum amount that may be
508 recovered or withheld from the municipality is the total amount of
509 funds erroneously disbursed for a period of one (1) year beginning
510 with the date of the first erroneous disbursement.

511 **SECTION 3.** This act shall take effect and be in force from
512 and after July 1, 2021.

