

By: Representatives Lamar, Reynolds, Stamps To: Ways and Means

HOUSE BILL NO. 520
(As Sent to Governor)

1 AN ACT TO AMEND SECTION 27-67-35, MISSISSIPPI CODE OF 1972,
2 WHICH CREATES SPECIAL FUNDS IN THE STATE TREASURY TO BE USED TO
3 PROVIDE FUNDS TO ASSIST MUNICIPALITIES IN PAYING COSTS ASSOCIATED
4 WITH ROAD AND BRIDGE IMPROVEMENTS AND WATER AND SEWER
5 INFRASTRUCTURE IMPROVEMENTS AND TO ASSIST COUNTIES IN PAYING COSTS
6 ASSOCIATED WITH ROAD AND BRIDGE IMPROVEMENTS, TO PROVIDE THAT A
7 MUNICIPALITY OR COUNTY MAY USE SUCH FUNDS AS A PLEDGE TO PAY ALL
8 OR A PORTION OF DEBT SERVICE ON DEBT ISSUED BY THE MUNICIPALITY OR
9 COUNTY FOR SUCH PURPOSES; AND FOR RELATED PURPOSES.

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

11 **SECTION 1.** Section 27-67-35, Mississippi Code of 1972, is
12 amended as follows:

13 27-67-35. (1) (a) There is hereby created a special fund
14 in the State Treasury. The fund shall be maintained by the State
15 Treasurer as a separate and special fund, separate and apart from
16 the General Fund of the state. The fund shall consist of monies
17 deposited therein under Section 27-67-31(e) and monies from any
18 other source designated for deposit into such fund. Monies in the
19 fund shall be expended by the Department of Revenue to provide
20 funds to assist municipalities in this state in paying costs
21 associated with (i) repair, maintenance and/or reconstruction of



22 roads, streets and bridges in municipalities * * *, (ii) repair,
23 maintenance and/or other improvements to water infrastructure and
24 sewer infrastructure and/or (iii) as a pledge to pay all or a
25 portion of debt service on debt issued by a municipality for such
26 purposes. Unexpended amounts remaining in the fund at the end of
27 a fiscal year shall not lapse into the State General Fund, and any
28 interest earned or investment earnings on amounts in the fund
29 shall be deposited to the credit of the fund.

30 (b) (i) Subject to the provisions of this paragraph
31 (b) and Section 65-21-31, funds provided to municipalities under
32 this subsection (1) shall be allocated and distributed to
33 municipalities as follows:

34 1. Three Million Dollars (\$3,000,000.00)
35 shall be allocated to all municipalities in equal shares, and

36 2. The remainder of the funds allocated as
37 follows:

38 a. One-half (1/2) shall be allocated to
39 municipalities based on the proportion that the population of a
40 municipality according to the most recent federal decennial census
41 bears to the total population of all municipalities in the state
42 according to the most recent federal decennial census, and

43 b. One-half (1/2) shall be allocated to
44 municipalities based on the proportion that the amount of sales
45 tax revenue distributed to a municipality during the preceding
46 fiscal year under Section 27-65-75(1)(a) bears to the total amount



of sales tax revenue distributed to all municipalities during the preceding fiscal year under Section 27-65-75(1)(a). The Department of Revenue shall distribute funds under this subsection (1) on a semiannual basis with distributions being made in the months of January and July.

(ii) In order to be eligible to receive the full amount of funds allocated for distribution to a municipality during a year under this subsection (1), the municipality must have expended an amount not less than the amount of base expenditures during the previous municipal fiscal year for the purposes described in paragraph (a) of this subsection (1). If a municipality fails to expend such required amount, then the amount of funds allocated for distribution to the municipality shall be reduced by the percentage by which the municipality failed to expend the amount of base expenditures. For the purposes of this subsection (1), "base expenditures" means the average annual expenditures made by a municipality for purposes described in paragraph (a) of this subsection (1) for the five-year period beginning October 1, 2013, and ending September 30, 2018.

However, for the purposes of calculating the average annual expenditures for such five-year period, the year within the period with the highest annual expenditures for such purposes and the year within the period with the lowest annual expenditures for such purposes shall be excluded when calculating the average annual expenditures for the five-year period. Expenditure of



72 grant proceeds, loan proceeds, or the proceeds of bonds issued by
73 a municipality for the purposes described in paragraph (a) of this
74 subsection (1) shall not be considered when calculating the base
75 period. Beginning July 1, 2020, and each succeeding July 1
76 thereafter, the amount of the base expenditures shall be adjusted
77 and compounded annually by increasing or decreasing such amount by
78 a percentage amount equal to the United States inflation rate for
79 the previous calendar year ending on December 31 as certified by
80 the Department of Revenue. The United States inflation rate for a
81 calendar year shall be the Consumer Price Index for the calendar
82 year for urban consumers as calculated by the Bureau of Labor
83 Statistics of the United States Department of Labor.

84 (c) The Department of Revenue and the Department of
85 Audit shall have all powers necessary to ensure the proper
86 implementation of this subsection (1).

87 (2) (a) There is hereby created a special fund in the State
88 Treasury. The fund shall be maintained by the State Treasurer as
89 a separate and special fund, separate and apart from the General
90 Fund of the state. The fund shall consist of monies deposited
91 therein under Section 27-67-31(f) and monies from any other source
92 designated for deposit into such fund. Monies in the fund shall
93 be expended by the Department of Revenue to provide funds to
94 assist counties in this state in paying costs associated with the
95 repair, maintenance and/or reconstruction of roads, streets and
96 bridges in counties and/or as a pledge to pay all or a portion of



97 debt service on debt issued by a county for such purposes.

98 Unexpended amounts remaining in the fund at the end of a fiscal
99 year shall not lapse into the State General Fund, and any interest
100 earned or investment earnings on amounts in the fund shall be
101 deposited to the credit of the fund.

102 (b) (i) Subject to the provisions of this paragraph
103 (b) and Section 65-21-31, funds provided to counties under this
104 subsection (2) shall be allocated and distributed to counties in
105 the following proportions:

106 1. One-third (1/3) shall be allocated to all
107 counties in equal shares,

108 2. One-third (1/3) shall be allocated to
109 counties based on the proportion that the total number of rural
110 road miles in a county bears to the total number of rural road
111 miles in all counties of the state, and

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

116 The Department of Revenue shall distribute funds under this
117 subsection (2) on a semiannual basis with distributions being made
118 in the months of January and July. Rural road miles and rural
119 road population in the counties shall be determined in the same
120 manner as they are determined for the purposes of the distribution
121 formula in Section 65-9-3.



(ii) From and after July 1, 2020, of the funds allocated for distribution to a county during a year under this subsection (2), the maximum amount of such funds that may be distributed to the county during that year shall not exceed the amount of county funds expended by the county during the previous county fiscal year for purposes described in paragraph (a) of this subsection (2). Expenditure of the proceeds of bonds issued by a county to pay costs associated with the repair, maintenance and/or reconstruction of roads, streets and bridges shall not be considered when determining the amount of county funds expended by the county during the previous county fiscal year.

(c) The Department of Revenue and the Department of Audit shall have all powers necessary to ensure the proper implementation of this subsection (2).

SECTION 2. This act shall take effect and be in force from and after its passage.

