

By: Representative Eubanks

To: Ways and Means

HOUSE BILL NO. 583

1 AN ACT TO CREATE THE LOCAL TAXATION AND TAX EXTENSION  
 2 AUTHORITY ACT; TO AUTHORIZE THE GOVERNING AUTHORITIES OF CERTAIN  
 3 COUNTIES AND MUNICIPALITIES TO IMPOSE A SPECIAL SALES TAX OF NOT  
 4 MORE THAN 1% ON THE GROSS PROCEEDS OF ALL SALES OR THE GROSS  
 5 INCOME OF BUSINESSES IN THE COUNTY OR MUNICIPALITY DERIVED FROM  
 6 ACTIVITIES TAXED AT THE RATE OF 7% OR MORE UNDER THE MISSISSIPPI  
 7 SALES TAX LAW; TO PROVIDE CERTAIN EXEMPTIONS FROM THE SPECIAL  
 8 SALES TAX AUTHORIZED BY THIS ACT; TO PROVIDE THAT THE SPECIAL  
 9 SALES TAX SHALL NOT BE LEVIED UNLESS AUTHORIZED BY AT LEAST  
 10 THREE-FIFTHS OF THE VOTES CAST AT AN ELECTION CALLED AND HELD FOR  
 11 SUCH PURPOSE; TO PROVIDE THAT THE ELECTION MUST BE HELD DURING A  
 12 REGULAR OR GENERAL ELECTION; TO PROVIDE THAT THE SPECIAL SALES TAX  
 13 SHALL NOT BE EXTENDED UNLESS AUTHORIZED BY AT LEAST THREE-FIFTHS  
 14 OF THE VOTES CAST AT AN ELECTION CALLED AND HELD FOR SUCH PURPOSE;  
 15 TO PROVIDE THE PURPOSES FOR WHICH THE REVENUE COLLECTED FROM THE  
 16 SPECIAL SALES TAX MAY BE USED AND EXPENDED; TO PROVIDE FOR THE  
 17 DISCONTINUANCE OF THE SPECIAL SALES TAX UPON COMPLETION OF THE  
 18 FUNDING OF THE PROJECTS FOR WHICH THE TAX WAS LEVIED; TO AMEND  
 19 SECTIONS 21-33-303 AND 19-9-5, MISSISSIPPI CODE OF 1972, IN  
 20 CONFORMITY THERETO; AND FOR RELATED PURPOSES.

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

22 **SECTION 1.** This act shall be known and may be cited as the  
 23 "Local Taxation and Tax Extension Authority Act."

24 **SECTION 2.** (1) As used in this section, the following terms  
 25 shall have the meanings ascribed to them in this section unless  
 26 otherwise clearly indicated by the context in which they are used:



27 (a) "County" means any county in the State of  
28 Mississippi.

29 (b) "Hotel" or "motel" means and includes a place of  
30 lodging that at any one time will accommodate transient guests on  
31 a daily or weekly basis and that is known to the trade as such.  
32 Such terms shall not include a place of lodging with ten (10) or  
33 less rental units.

34 (c) "Governing authorities" means the board of  
35 supervisors of any county or the governing authorities of any  
36 municipality, as the case may be.

37 (d) "Municipality" means any municipality in the State  
38 of Mississippi. The term "municipality" shall not include a  
39 municipality as defined in Section 27-65-241.

40 (e) "Restaurant" means and includes all places where  
41 prepared food is sold and whose annual gross proceeds of sales or  
42 gross income for the preceding calendar year equals or exceeds One  
43 Hundred Thousand Dollars (\$100,000.00). The term "restaurant"  
44 shall not include any nonprofit organization that is exempt from  
45 federal income taxation under Section 501(c)(3) of the Internal  
46 Revenue Code. For the purpose of calculating gross proceeds of  
47 sales or gross income, the sales or income of all establishments  
48 owned, operated or controlled by the same person, persons or  
49 corporation shall be aggregated.

50 (2) (a) Subject to the provisions of this section, the  
51 governing authorities of a county or municipality, as the case may



52 be, may impose upon all persons as a privilege for engaging or  
53 continuing in business or doing business within such county or  
54 municipality, a special sales tax at the rate of not more than one  
55 percent (1%) of the gross proceeds of sales or gross income of the  
56 business, as the case may be, derived from any of the activities  
57 taxed at the rate of seven percent (7%) or more under the  
58 Mississippi Sales Tax Law, Section 27-65-1 et seq.

59 (b) The tax levied under this section shall apply to  
60 every person making sales, delivery or installations of tangible  
61 personal property or services within the county or municipality  
62 but shall not apply to:

63 (i) Sales exempted by Sections 27-65-19,  
64 27-65-101, 27-65-103, 27-65-105, 27-65-107, 27-65-109 and  
65 27-65-111 of the Mississippi Sales Tax Law;

66 (ii) Gross proceeds of sales or gross income of  
67 restaurants derived from the sale of food and beverages;

68 (iii) Gross proceeds of sales or gross income of  
69 hotels and motels derived from the sale of hotel rooms and motel  
70 rooms for lodging purposes;

71 (iv) Retail sales of food for human consumption  
72 not purchased with food stamps issued by the United States  
73 Department of Agriculture, or other federal agency, but which  
74 would be exempt under Section 27-65-111(o) from the taxes imposed  
75 by Section 27-65-1 et seq., if the food items were purchased with  
76 food stamps; and



77 (v) Gross income of businesses engaging or  
78 continuing in the business of TV cable systems, subscription TV  
79 services, and other similar activities, including, but not limited  
80 to, cable Internet services.

81 (3) (a) Before any tax authorized under this section may be  
82 imposed, the governing authorities of the county or municipality,  
83 as the case may be, shall adopt a resolution declaring its  
84 intention to levy the tax, setting forth the amount of the tax to  
85 be imposed, the purposes for which the revenue collected pursuant  
86 to the tax levy may be used and expended, the date upon which the  
87 tax shall become effective, the date upon which the tax shall be  
88 repealed, and calling for an election to be held on the question.  
89 The date of the election shall be set in the resolution and such  
90 election must be held on the same date as any regular or general  
91 election for municipal, county, state or federal officers. Notice  
92 of the election shall be published once each week for at least  
93 three (3) consecutive weeks in a newspaper published or having a  
94 general circulation in the county or municipality, as the case may  
95 be, with the first publication of the notice to be made not less  
96 than twenty-one (21) days before the date fixed in the resolution  
97 for the election and the last publication to be made not more than  
98 seven (7) days before the election. Notice of the election shall  
99 also be published on the county or municipality website, as the  
100 case may be, during the same time as the newspaper publication.  
101 At the election, all qualified electors of the county or



102 municipality, as the case may be, may vote. The ballots used at  
103 the election shall have printed thereon a brief description of the  
104 sales tax, the amount of the sales tax levy, a description of the  
105 purposes for which the tax revenue may be used and expended and  
106 the words "FOR THE LOCAL SALES TAX" and "AGAINST THE LOCAL SALES  
107 TAX" and the voter shall vote by placing a cross (X) or check mark  
108 (✓) opposite his choice on the proposition. When the results of  
109 the election have been canvassed by the election commissioners of  
110 the county or municipality and certified by them to the governing  
111 authorities, it shall be the duty of such governing authorities to  
112 determine and adjudicate whether at least three-fifths (3/5) of  
113 the qualified electors who voted in the election voted in favor of  
114 the tax. If at least three-fifths (3/5) of the qualified electors  
115 who voted in the election voted in favor of the tax, the governing  
116 authorities of the county or municipality shall adopt a resolution  
117 declaring the levy and collection of the tax provided in this  
118 section and shall set the first day of the second month following  
119 the date of such adoption as the effective date of the tax levy.

120 A certified copy of this resolution, together with the result of  
121 the election, shall be furnished to the Department of Revenue not  
122 less than thirty (30) days before the effective date of the levy.  
123 (b) Before any tax authorized under this section may be  
124 extended, the governing authorities of the county or municipality,  
125 as the case may be, shall adopt a resolution declaring its  
126 intention to extend the tax, setting forth the amount of the tax



127 to be extended, the purposes for which the revenue collected  
128 pursuant to the tax extension may be used and expended, the date  
129 upon which the tax extension shall become effective, the date upon  
130 which the tax extension shall be repealed, and calling for an  
131 election to be held on the question of the extension. The date of  
132 the election for the extension shall be set in the resolution and  
133 such election must be held on the same date as any regular or  
134 general election for municipal, county, state or federal officers.  
135 Notice of the election shall be published once each week for at  
136 least three (3) consecutive weeks in a newspaper published or  
137 having a general circulation in the county or municipality, as the  
138 case may be, with the first publication of the notice to be made  
139 not less than twenty-one (21) days before the date fixed in the  
140 resolution for the election and the last publication to be made  
141 not more than seven (7) days before the election. Notice of the  
142 election shall also be published on the county or municipality  
143 website, as the case may be, during the same time as the newspaper  
144 publication. At the election, all qualified electors of the  
145 county or municipality, as the case may be, may vote. The ballots  
146 used at the election shall have printed thereon a brief  
147 description of the sales tax extension, the amount of the sales  
148 tax extension, a description of the purposes for which the tax  
149 revenue from the extension may be used and expended and the words  
150 "FOR THE EXTENSION OF THE LOCAL SALES TAX" and "AGAINST THE  
151 EXTENSION OF THE LOCAL SALES TAX" and the voter shall vote by



152 placing a cross (X) or check mark (✓) opposite his choice on the  
153 proposition. When the results of the election have been canvassed  
154 by the election commissioners of the county or municipality and  
155 certified by them to the governing authorities, it shall be the  
156 duty of such governing authorities to determine and adjudicate  
157 whether at least three-fifths (3/5) of the qualified electors who  
158 voted in the election voted in favor of the tax extension. If at  
159 least three-fifths (3/5) of the qualified electors who voted in  
160 the election voted in favor of the tax extension, the governing  
161 authorities shall adopt a resolution declaring the extension of  
162 the tax and collection of the tax provided in this section and  
163 shall set the first day of the second month following the date of  
164 such adoption as the effective date of the tax extension. A  
165 certified copy of this resolution, together with the result of the  
166 election, shall be furnished to the Department of Revenue not less  
167 than thirty (30) days before the effective date of the extension.

168 (4) Upon approval of the expenditure by the Mississippi  
169 Development Authority pursuant to subsection (6) of this section,  
170 the revenue collected pursuant to the tax levy imposed under this  
171 section may be expended to pay the costs reasonably related to (a)  
172 road and street repair, reconstruction and resurfacing projects  
173 based on traffic patterns, need and usage, as well as costs for  
174 easement acquisition, right-of-way acquisition, planning and  
175 design and professional services related to such projects and (b)  
176 construction, repair and reconstruction of water, sewer and



177 drainage projects as well as costs for easement acquisition,  
178 right-of-way acquisition, planning and design and professional  
179 services related to such projects. The initial construction of  
180 any project for which revenue collected pursuant to the special  
181 tax is expended shall not exceed four (4) years, and the revenue  
182 may not be used for the future maintenance of any such projects  
183 for which the revenue was expended for the initial construction.

184 (5) (a) The special sales tax authorized by this section  
185 shall be collected by the Department of Revenue, shall be  
186 accounted for separately from the amount of sales tax collected  
187 for the state in the county or municipality and shall be paid to  
188 the county or municipality. The Department of Revenue may retain  
189 one percent (1%) of the proceeds of such tax for the purpose of  
190 defraying the costs incurred by the department in the collection  
191 of the tax. Payments to the county or municipality shall be made  
192 by the Department of Revenue on or before the fifteenth day of the  
193 month following the month in which the tax was collected.

194 (b) The proceeds of the special sales tax shall be  
195 placed into a special county fund or special municipal fund apart  
196 from the county or municipal general fund, as the case may be, and  
197 any other funds of the county or municipality, and shall be  
198 expended by the county or municipality solely for the purposes  
199 authorized in subsection (4) of this section. The records  
200 reflecting the receipts and expenditures of the revenue from the  
201 special sales tax shall be audited annually by an independent





202 certified public accountant. The accountant shall make a report  
203 of his findings to the governing authorities of the county or  
204 municipality and file a copy of his report with the Secretary of  
205 the Senate and the Clerk of the House of Representatives. The  
206 audit shall be made and completed as soon as practical after the  
207 close of the fiscal year of the county or municipality, and  
208 expenses of the audit shall be paid from the funds derived by the  
209 county or municipality pursuant to this section.

210 (c) All provisions of the Mississippi Sales Tax Law  
211 applicable to filing of returns, discounts to the taxpayer,  
212 remittances to the Department of Revenue, enforced collection,  
213 rights of taxpayers, recovery of improper taxes, refunds of  
214 overpaid taxes or other provisions of law providing for imposition  
215 and collection of the state sales tax shall apply to the special  
216 sales tax authorized by this section, except where there is a  
217 conflict, in which case the provisions of this section shall  
218 control. Any damages, penalties or interest collected for the  
219 nonpayment of taxes imposed under this section, or for  
220 noncompliance with the provisions of this section, shall be paid  
221 to the county or municipality on the same basis and in the same  
222 manner as the tax proceeds. Any overpayment of tax for any reason  
223 that has been disbursed to a county or municipality or any payment  
224 of the tax to a county or municipality in error may be adjusted by  
225 the Department of Revenue on any subsequent payment to the county  
226 or municipality pursuant to the provisions of the Mississippi



227 Sales Tax Law. The Department of Revenue may, from time to time,  
228 make such rules and regulations not inconsistent with this section  
229 as may be deemed necessary to carry out the provisions of this  
230 section, and such rules and regulations shall have the full force  
231 and effect of law.

232 (6) (a) Any county or municipality that levies the special  
233 sales tax authorized under this section shall establish a plan for  
234 the project or projects for which the revenue collected from the  
235 special tax may be expended and for the expenditure of revenue.  
236 The plan shall include at least the following:

237 (i) A description of the project or projects for  
238 which the revenue will be expended, including the projected cost  
239 of the project or projects;

240 (ii) The projected starting date and completion  
241 date for the project or projects;

242 (iii) A description of any funds from other  
243 sources that may be available to the county or municipality to  
244 assist with paying the costs of the project or projects; and

245 (iv) Any other information required by the  
246 Mississippi Development Authority.

247 (b) The county or municipality shall submit a copy of  
248 the plan to the Mississippi Development Authority. No expenditure  
249 of revenue collected from the special tax authorized by this  
250 section may be made by the county or municipality without the



251 approval of the Mississippi Development Authority as being  
252 consistent with the provisions of this section.

253 (c) The Mississippi Development Authority shall have  
254 all powers necessary to implement and administer the provisions of  
255 this section, and the Mississippi Development Authority shall  
256 promulgate rules and regulations, in accordance with the  
257 Mississippi Administrative Procedures Law, necessary for the  
258 implementation of this section.

259 (7) Any special tax levied by a county or municipality under  
260 this section shall be discontinued by the governing authorities of  
261 the county or municipality on the first day of the month  
262 immediately succeeding the date of the completion of the project  
263 or projects for which the tax was authorized and the retirement  
264 and payment in full of any indebtedness or other obligations if  
265 incurred by the county or municipality for the project or  
266 projects, as determined by the Mississippi Development Authority.

267 (8) Until the repeal of a special sales tax authorized  
268 under the authority of a local and private law of the State of  
269 Mississippi, the governing authorities of a county or municipality  
270 may not impose a special sales tax under this section on sales  
271 that are subject to any tax levied and collected (before the date  
272 a resolution is adopted under subsection (3) of this section)  
273 under the authority of a local and private law, which tax is  
274 collected and paid to the Department of Revenue in the same or  
275 similar manner that state sales taxes are collected and paid.



276 (9) If a municipality imposing a special sales tax under  
277 this section contracts its corporate boundaries, the special sales  
278 tax shall continue to be imposed in the area that was in the  
279 corporate boundaries of the municipality before the contraction of  
280 such boundaries.

281 (10) The governing authorities of any county or municipality  
282 that levies a special sales tax pursuant to this section may incur  
283 indebtedness of the county or municipality in an aggregate  
284 principal amount that is not in excess of an amount for which debt  
285 service is capable of being funded by the proceeds of the special  
286 sales tax levied pursuant to this section. The indebtedness  
287 authorized by this subsection shall not be considered when  
288 computing any limitation of indebtedness of the county or  
289 municipality established by law.

290 (11) It is the intent of the Legislature that the amount of  
291 state general funds appropriated to the Department of Revenue  
292 shall not be reduced because of funds collected by the department  
293 under this act.

294 **SECTION 3.** Section 19-9-5, Mississippi Code of 1972, is  
295 amended as follows:

296 19-9-5. No county shall hereafter issue bonds secured by a  
297 pledge of its full faith and credit for the purposes authorized by  
298 law in an amount which, when added to the then outstanding bonds  
299 of such county, shall exceed either (a) fifteen percent (15%) of  
300 the assessed value of the taxable property within such county



301 according to the last completed assessment for taxation, or (b)  
302 fifteen percent (15%) of the assessment upon which taxes were  
303 levied for its fiscal year ending September 30, 1984, whichever is  
304 greater.

305         However, any county in the state which shall have experienced  
306 washed-out or collapsed bridges on the public roads of the county  
307 for any cause or reason may hereafter issue bonds for bridge  
308 purposes as now authorized by law in an amount which, when added  
309 to the then outstanding general obligation bonds of such county,  
310 shall not exceed either (a) twenty percent (20%) of the assessed  
311 value of the taxable property within such county according to the  
312 last completed assessment for taxation or (b) fifteen percent  
313 (15%) of the assessment upon which taxes were levied for its  
314 fiscal year ending September 30, 1984, whichever is greater.

315         Provided further, in computing such indebtedness, there may  
316 be deducted all bonds or other evidences of indebtedness  
317 heretofore or hereafter issued, for the construction of hospitals,  
318 ports or other capital improvements which are payable primarily  
319 from the net revenue to be generated from such hospital, port or  
320 other capital improvement, which revenue shall be pledged to the  
321 retirement of such bonds or other evidences of indebtedness,  
322 together with the full faith and credit of the county. However,  
323 in no case shall any county contract any indebtedness payable, in  
324 whole or in part, from proceeds of ad valorem taxes which, when  
325 added to all of the outstanding general obligation indebtedness,



326 both bonded and floating, shall exceed either (a) twenty percent  
327 (20%) of the assessed value of all taxable property within such  
328 county according to the last completed assessment for taxation, or  
329 (b) fifteen percent (15%) of the assessment upon which taxes were  
330 levied for its fiscal year ending September 30, 1984, whichever is  
331 greater. Nothing herein contained shall be construed to apply to  
332 contract obligations in any form heretofore or hereafter incurred  
333 by any county which are subject to annual appropriations therefor,  
334 or to bonds heretofore or hereafter issued by any county for  
335 school purposes, or to bonds issued by any county under the  
336 provisions of Sections 57-1-1 through 57-1-51, or to any  
337 indebtedness incurred under Section 55-23-8, or to bonds issued  
338 under Section 57-75-37, or to any other indebtedness incurred  
339 under Section 57-75-37(4), or to any indebtedness incurred under  
340 Section 2 of this act.

341       **SECTION 4.** Section 21-33-303, Mississippi Code of 1972, is  
342 amended as follows:

343       21-33-303. No municipality shall hereafter issue bonds  
344 secured by a pledge of its full faith and credit for the purposes  
345 authorized by law in an amount which, when added to the then  
346 outstanding bonded indebtedness of such municipality, shall exceed  
347 either (a) fifteen percent (15%) of the assessed value of the  
348 taxable property within such municipality, according to the last  
349 completed assessment for taxation, or (b) ten percent (10%) of the  
350 assessment upon which taxes were levied for its fiscal year ending



351 September 30, 1984, whichever is greater. In computing such  
352 indebtedness, there may be deducted all bonds or other evidences  
353 of indebtedness, heretofore or hereafter issued, for school,  
354 water, sewerage systems, gas, and light and power purposes and for  
355 the construction of special improvements primarily chargeable to  
356 the property benefited, or for the purpose of paying the  
357 municipality's proportion of any betterment program, a portion of  
358 which is primarily chargeable to the property benefited. However,  
359 in no case shall any municipality contract any indebtedness which,  
360 when added to all of the outstanding general obligation  
361 indebtedness, both bonded and floating, shall exceed either (a)  
362 twenty percent (20%) of the assessed value of all taxable property  
363 within such municipality according to the last completed  
364 assessment for taxation or (b) fifteen percent (15%) of the  
365 assessment upon which taxes were levied for its fiscal year ending  
366 September 30, 1984, whichever is greater. Nothing herein  
367 contained shall be construed to apply to contract obligations in  
368 any form heretofore or hereafter incurred by any municipality  
369 which are subject to annual appropriations therefor, or to bonds  
370 heretofore issued by any municipality for school purposes, or to  
371 contract obligations in any form heretofore or hereafter incurred  
372 by any municipality which are payable exclusively from the  
373 revenues of any municipally owned utility, or to bonds issued by  
374 any municipality under the provisions of Sections 57-1-1 through  
375 57-1-51, or to any special assessment improvement bonds issued by



376 any municipality under the provisions of Sections 21-41-1 through  
377 21-41-53, or to any indebtedness incurred under Section 55-23-8,  
378 or to any indebtedness incurred through a loan to a municipality  
379 under Section 57-75-11(tt) in connection with a project defined in  
380 Section 57-75-5(f)(xxvii), or to any indebtedness incurred under  
381 Section 2 of this act.

382 All bonds issued prior to July 1, 1990, pursuant to this  
383 chapter by any municipality for the purpose of the constructing,  
384 replacing, renovating or improving wastewater collection and  
385 treatment facilities in order to comply with an administrative  
386 order of the Mississippi Department of Natural Resources issued  
387 pursuant to the Federal Water Pollution Control Act and amendments  
388 thereto, are hereby exempt from the limitation imposed by this  
389 section if the governing body of the municipality adopts an order,  
390 resolution or ordinance to the effect that the rates paid by the  
391 users of such facilities shall be increased to the extent  
392 necessary to provide sufficient funds for the payment of the  
393 principal of and interest on such bonds as each respectively  
394 becomes due and payable as well as the necessary expenses in  
395 connection with the operation and maintenance of such facilities.

396 **SECTION 5.** This act shall take effect and be in force from  
397 and after July 1, 2022.

