

By: Representative Rushing

To: Ways and Means

HOUSE BILL NO. 236

1 AN ACT TO AMEND SECTION 27-35-50, MISSISSIPPI CODE OF 1972,
2 TO REMOVE THE PROVISION THAT PRESCRIBES THE MANNER IN WHICH THE
3 APPRAISAL OF AFFORDABLE RENTAL HOUSING SHALL BE MADE FOR THE
4 PURPOSE OF ARRIVING AT THE TRUE VALUE OF THE PROPERTY FOR THE
5 PURPOSES OF AD VALOREM TAXATION; AND FOR RELATED PURPOSES.

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

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

9 27-35-50. (1) True value shall mean and include, but shall
10 not be limited to, market value, cash value, actual cash value,
11 proper value and value for the purposes of appraisal for ad
12 valorem taxation.

13 (2) With respect to each and every parcel of property
14 subject to assessment, the tax assessor shall, in ascertaining
15 true value, consider whenever possible the income capitalization
16 approach to value, the cost approach to value and the market data
17 approach to value, as such approaches are determined by the
18 Department of Revenue. For differing types of categories of
19 property, differing approaches may be appropriate. The choice of



20 the particular valuation approach or approaches to be used should
21 be made by the assessor upon a consideration of the category or
22 nature of the property, the approaches to value for which the
23 highest quality data is available, and the current use of the
24 property.

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

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

37 (b) In arriving at the true value of any land used for
38 agricultural purposes, the appraisal shall be made according to
39 its use on January 1 of each year, regardless of its location; in
40 making the appraisal, the assessor shall use soil types,
41 productivity and other criteria set forth in the land appraisal
42 manuals of the Department of Revenue, which criteria shall
43 include, but not be limited to, an income capitalization approach
44 with a capitalization rate of not less than ten percent (10%) and



45 a moving average of not more than ten (10) years; however, for the
46 year 2022 and thereafter, the moving average for such land, except
47 land devoted to the production of timber, shall be as follows:
48 for the year 2022, four (4) years; for the year 2023, five (5)
49 years; for the year 2024, six (6) years; for the year 2025, seven
50 (7) years; for the year 2026, eight (8) years; for the year 2027,
51 nine (9) years; and for the year 2028 and thereafter, ten (10)
52 years. However, for the year 1990, the moving average shall not
53 be more than five (5) years; for the year 1991, not more than six
54 (6) years; for the year 1992, not more than seven (7) years; for
55 the year 1993, not more than eight (8) years; and for the year
56 1994, not more than nine (9) years; and for the year 1990, the
57 variation up or down from the previous year shall not exceed
58 twenty percent (20%) and thereafter, the variation, up or down,
59 from a previous year shall not exceed ten percent (10%) through
60 the year 2018; and for the year 2019 and thereafter, the
61 variation, up or down, from a previous year shall not exceed four
62 percent (4%). Government payments and crop insurance indemnities
63 shall not be included in determining the true value of such land,
64 and a charge for management of each crop equal to twenty-five
65 percent (25%) of the sum of a crop's estimated variable cost,
66 machinery ownership cost, and general farm overhead cost, shall be
67 deducted in determining the true value of such land. The land
68 shall be deemed to be used for agricultural purposes when it is
69 devoted to the commercial production of crops and other commercial



70 products of the soil, including, but not limited to, the
71 production of fruits and timber or the raising of livestock and
72 poultry; however, enrollment in the federal Conservation Reserve
73 Program or in any other United States Department of Agriculture
74 conservation program or the fact that the land is leased for
75 hunting or fishing purposes shall not preclude land being deemed
76 to be used for agricultural purposes solely on the ground that the
77 land is not being devoted to the production of commercial products
78 of the soil, and income derived from participation in the federal
79 program or income derived from a hunting or fishing lease may be
80 used in combination with other relevant criteria to determine the
81 true value of such land. The true value of aquaculture shall be
82 determined in the same manner as that used to determine the true
83 value of row crops.

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

87 * * *

88 (* * *d) In arriving at the true value of ground
89 leases on real property leased by the Mississippi State Port at
90 Gulfport, the assessor shall use the appraisal procedure set forth
91 in land appraisal manuals of the Department of Revenue. Such
92 procedure shall prescribe that the appraisal shall be made
93 according to actual net ground rent attributable to the leased
94 premises, capitalized at a market value capitalization rate



95 prescribed by the Department of Revenue that reflects the
96 prevailing cost of capital of commercial real estate in the
97 geographical market in which the Mississippi State Port at
98 Gulfport is located. As used in this paragraph (* * *d):

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

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

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

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

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

117 (6) The Department of Revenue shall have the power to adopt,
118 amend or repeal such rules or regulations in a manner consistent



119 with the Constitution of the State of Mississippi to implement the
120 duties assigned to the department in this section.

121 **SECTION 2.** This act shall take effect and be in force from
122 and after January 1, 2023.

