

By: Senator(s) DeLano

To: Finance

COMMITTEE SUBSTITUTE  
FOR  
SENATE BILL NO. 2842

1 AN ACT TO AMEND SECTION 27-67-35, MISSISSIPPI CODE OF 1972,  
2 WHICH CREATES A SPECIAL FUND 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, TO REMOVE CALCULATIONS OF CERTAIN  
6 AVERAGE ANNUAL EXPENDITURES THAT A MUNICIPALITY MUST EXPEND IN  
7 ORDER TO BE ELIGIBLE FOR MONIES FROM THE SPECIAL FUND; TO PLACE  
8 MUNICIPALITIES UNDER THE SAME DISTRIBUTION RESTRICTIONS AS  
9 COUNTIES; 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



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

52 (ii) \* \* \* From and after July 1, 2023, of the  
53 funds allocated for distribution to a municipality during a year  
54 under this subsection (1), the maximum amount of such funds that  
55 may be distributed to the municipality during that year shall not  
56 exceed the amount of municipal funds expended by the municipality  
57 during the previous municipal fiscal year for purposes described  
58 in paragraph (a) of this subsection (1). Expenditure of the  
59 proceeds of bonds issued by a municipality to pay costs associated  
60 with the repair, maintenance and/or reconstruction of roads,  
61 streets and bridges shall not be considered when determining the  
62 amount of municipal funds expended by the municipality during the  
63 previous municipal fiscal year.

64 (c) The Department of Revenue and the Department of  
65 Audit shall have all powers necessary to ensure the proper  
66 implementation of this subsection (1).

67 (2) (a) There is hereby created a special fund in the State  
68 Treasury. The fund shall be maintained by the State Treasurer as  
69 a separate and special fund, separate and apart from the General  
70 Fund of the state. The fund shall consist of monies deposited  
71 therein under Section 27-67-31(f) and monies from any other source



72 designated for deposit into such fund. Monies in the fund shall  
73 be expended by the Department of Revenue to provide funds to  
74 assist counties in this state in paying costs associated with the  
75 repair, maintenance and/or reconstruction of roads, streets and  
76 bridges in counties and/or as a pledge to pay all or a portion of  
77 debt service on debt issued by a county for such purposes.  
78 Unexpended amounts remaining in the fund at the end of a fiscal  
79 year shall not lapse into the State General Fund, and any interest  
80 earned or investment earnings on amounts in the fund shall be  
81 deposited to the credit of the fund.

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

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

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

92 3. One-third (1/3) shall be allocated to  
93 counties based on the proportion that the rural population of a  
94 county bears to the total rural population in all counties of the  
95 state, according to the latest federal decennial census. The  
96 Department of Revenue shall distribute funds under this subsection



97 (2) on a semiannual basis with distributions being made in the  
98 months of January and July. Rural road miles and rural road  
99 population in the counties shall be determined in the same manner  
100 as they are determined for the purposes of the distribution  
101 formula in Section 65-9-3.

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

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

116 **SECTION 2.** This act shall take effect and be in force from  
117 and after July 1, 2023, and shall stand repealed on June 30, 2023.

