

By: Senator(s) DeLano

To: Finance

SENATE BILL NO. 2842
(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 MONIES TO ASSIST MUNICIPALITIES AND COUNTIES IN PAYING
 4 COSTS ASSOCIATED WITH ROAD AND BRIDGE IMPROVEMENTS AND, FOR
 5 MUNICIPALITIES, WATER AND SEWER INFRASTRUCTURE IMPROVEMENTS, TO
 6 REQUIRE THAT THESE MONIES NOT BE USED FOR SALARIES, BENEFITS OR
 7 ANY FORM OF COMPENSATION FOR EMPLOYEES, OR FOR CONTRACT EMPLOYEES,
 8 ADMINISTRATIVE COSTS, DEBT SERVICE EXCEPT AS PROVIDED IN THE
 9 SECTION, PERSONAL PROPERTY OR EQUIPMENT EXCEPT EQUIPMENT
 10 PERMANENTLY INSTALLED AS PART OF A ROAD OR BRIDGE, OR FOR THE
 11 CONSTRUCTION OR MAINTENANCE OF PUBLIC BUILDINGS OR OTHER
 12 STRUCTURES THAT ARE NOT INTEGRAL TO THE SYSTEM OF ROADS AND
 13 BRIDGES; TO REVISE THE TIME PERIOD REFERENCED IN THE DEFINITION OF
 14 "BASE EXPENDITURES" THAT MUST BE MET BY A MUNICIPALITY IN ORDER TO
 15 BE ELIGIBLE TO RECEIVE THE FULL AMOUNT OF MONIES ALLOCATED FOR
 16 DISTRIBUTION FROM THE SPECIAL FUND; TO PROVIDE THAT THE AMOUNT OF
 17 BASE EXPENDITURES SHALL BE ADJUSTED AND COMPOUNDED ANNUALLY BY
 18 INCREASING OR DECREASING SUCH AMOUNT BY A PERCENTAGE THAT IS THE
 19 LESSER OF 0.5% OR THE UNITED STATES INFLATION RATE FOR THE
 20 PREVIOUS CALENDAR YEAR; AND FOR RELATED PURPOSES.

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

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

24 27-67-35. (1) (a) There is hereby created a special fund
 25 in the State Treasury. The fund shall be maintained by the State
 26 Treasurer as a separate and special fund, separate and apart from
 27 the General Fund of the state. The fund shall consist of monies



28 deposited therein under Section 27-67-31(e) and monies from any
29 other source designated for deposit into such fund. Monies in the
30 fund shall be expended by the department * * * to provide funds to
31 assist municipalities in this state in paying costs associated
32 with (i) repair, maintenance and/or reconstruction of roads,
33 streets and bridges in municipalities, (ii) repair, maintenance
34 and/or other improvements to water infrastructure and sewer
35 infrastructure, including storm water and drainage improvements,
36 and/or (iii) as a pledge to pay all or a portion of debt service
37 on debt issued by a municipality for * * * the purposes provided
38 in this subsection (1)(a). These monies shall not be used for
39 salaries, benefits or any form of compensation for employees, or
40 for contract employees, administrative costs, debt service except
41 as provided in this subsection (1)(a), personal property or
42 equipment (other than equipment to be permanently installed as
43 part of a road or bridge), or for the construction or maintenance
44 of public buildings or other structures that are not integral to
45 the system of roads and bridges. Unexpended amounts remaining in
46 the fund at the end of a fiscal year shall not lapse into the
47 State General Fund, and any interest earned or investment earnings
48 on amounts in the fund shall be deposited to the credit of the
49 fund.

50 (b) (i) Subject to the provisions of this paragraph
51 (b) and Section 65-21-31, funds provided to municipalities under



52 this subsection (1) shall be allocated and distributed to
53 municipalities as follows:

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

56 2. The remainder of the funds allocated as
57 follows:

58 a. One-half (1/2) shall be allocated to
59 municipalities based on the proportion that the population of a
60 municipality according to the most recent federal decennial census
61 bears to the total population of all municipalities in the state
62 according to the most recent federal decennial census, and

63 b. One-half (1/2) shall be allocated to
64 municipalities based on the proportion that the amount of sales
65 tax revenue distributed to a municipality during the preceding
66 fiscal year under Section 27-65-75(1)(a) bears to the total amount
67 of sales tax revenue distributed to all municipalities during the
68 preceding fiscal year under Section 27-65-75(1)(a). The
69 department * * * shall distribute funds under this subsection (1)
70 on a semiannual basis with distributions being made in the months
71 of January and July.

72 (ii) In order to be eligible to receive the full
73 amount of funds allocated for distribution to a municipality
74 during a year under this subsection (1), the municipality must
75 have expended an amount not less than the amount of base
76 expenditures during the previous municipal fiscal year for the



77 purposes described in paragraph (a) of this subsection (1). If a
78 municipality fails to expend such required amount, then the amount
79 of funds allocated for distribution to the municipality shall be
80 reduced by the percentage by which the municipality failed to
81 expend the amount of base expenditures. For the purposes of this
82 subsection (1), "base expenditures" means the average annual
83 expenditures made by a municipality for purposes described in
84 paragraph (a) of this subsection (1) for the * * * two-year period
85 beginning October 1, * * * 2020, and ending September 30, * * *
86 2022. * * * Expenditure of grant proceeds, loan proceeds, or the
87 proceeds of bonds issued by a municipality for the purposes
88 described in paragraph (a) of this subsection (1) shall not be
89 considered when calculating the base period. Beginning July
90 1, * * * 2023, and each succeeding July 1 thereafter, the amount
91 of the base expenditures shall be adjusted and compounded annually
92 by increasing or decreasing such amount by a percentage amount
93 that is equal to the lesser of one-half percent (0.5%) or to the
94 United States inflation rate for the previous calendar year ending
95 on December 31 as certified by the department * * * and provided
96 to the municipalities thereby within thirty (30) days of such
97 certification. The United States inflation rate for a calendar
98 year shall be the Consumer Price Index for the calendar year for
99 urban consumers as calculated by the Bureau of Labor Statistics of
100 the United States Department of Labor.



101 (c) The department * * * and the * * * Office of the
102 State Auditor shall have all powers necessary to ensure the proper
103 implementation of this subsection (1).

104 (2) (a) There is hereby created a special fund in the State
105 Treasury. The fund shall be maintained by the State Treasurer as
106 a separate and special fund, separate and apart from the General
107 Fund of the state. The fund shall consist of monies deposited
108 therein under Section 27-67-31(f) and monies from any other source
109 designated for deposit into such fund. Monies in the fund shall
110 be expended by the department * * * to provide funds to assist
111 counties in this state in paying costs associated with (i) the
112 repair, maintenance and/or reconstruction of roads, streets and
113 bridges in counties, and/or (ii) as a pledge to pay all or a
114 portion of debt service on debt issued by a county for * * * the
115 purposes provided in this subsection (2) (a). These monies shall
116 not be used for salaries, benefits or any form of compensation for
117 employees, or for contract employees, administrative costs, debt
118 service except as provided in this subsection (2) (a), personal
119 property or equipment (other than equipment to be permanently
120 installed as part of a road or bridge), or for the construction or
121 maintenance of public buildings or other structures that are not
122 integral to the system of roads and bridges. Unexpended amounts
123 remaining in the fund at the end of a fiscal year shall not lapse
124 into the State General Fund, and any interest earned or investment



125 earnings on amounts in the fund shall be deposited to the credit
126 of the fund.

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

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

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

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

141 The department * * * shall distribute funds under this subsection
142 (2) on a semiannual basis with distributions being made in the
143 months of January and July. Rural road miles and rural road
144 population in the counties shall be determined in the same manner
145 as they are determined for the purposes of the distribution
146 formula in Section 65-9-3.

147 (ii) From and after July 1, 2020, of the funds
148 allocated for distribution to a county during a year under this
149 subsection (2), the maximum amount of such funds that may be



150 distributed to the county during that year shall not exceed the
151 amount of county funds expended by the county during the previous
152 county fiscal year for purposes described in paragraph (a) of this
153 subsection (2). Expenditure of the proceeds of bonds issued by a
154 county to pay costs associated with the repair, maintenance and/or
155 reconstruction of roads, streets and bridges shall not be
156 considered when determining the amount of county funds expended by
157 the county during the previous county fiscal year.

158 (c) The department * * * and the * * * Office of the
159 State Auditor shall have all powers necessary to ensure the proper
160 implementation of this subsection (2).

161 **SECTION 2.** This act shall take effect and be in force from
162 and after July 1, 2023.

