

By: Representative Rushing

To: Ways and Means

HOUSE BILL NO. 984

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 REVISE THE PURPOSES FOR WHICH THE MONIES IN THE FUNDS MAY BE USED;  
 7 AND FOR RELATED PURPOSES.

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

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

11 27-67-35. (1) (a) There is hereby created a special fund  
 12 in the State Treasury. The fund shall be maintained by the State  
 13 Treasurer as a separate and special fund, separate and apart from  
 14 the General Fund of the state. The fund shall consist of monies  
 15 deposited therein under Section 27-67-31(e) and monies from any  
 16 other source designated for deposit into such fund. Monies in the  
 17 fund shall be expended by the department to provide funds to  
 18 assist municipalities in this state in paying costs associated  
 19 with (i) repair, maintenance and/or reconstruction of roads,  
 20 streets and bridges in municipalities, (ii) repair, maintenance



21 and/or other improvements to water infrastructure and sewer  
22 infrastructure, including storm water and drainage improvements,  
23 and/or (iii) as a pledge to pay all or a portion of debt service  
24 on debt issued by a municipality for the purposes provided in this  
25 subsection (1) (a). These monies shall not be used for salaries,  
26 benefits or any form of compensation for employees, or for  
27 contract employees, administrative costs, debt service except as  
28 provided in this subsection (1) (a), personal property or equipment  
29 ( \* \* \* other than personal property or equipment that is used for  
30 the purposes allowed in (i) and/or (ii) of this subsection  
31 (1) (a)), or for the construction or maintenance of public  
32 buildings or other structures that are not integral to the system  
33 of roads and bridges. Unexpended amounts remaining in the fund at  
34 the end of a fiscal year shall not lapse into the State General  
35 Fund, and any interest earned or investment earnings on amounts in  
36 the fund shall be deposited to the credit of the fund.

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

- 41 1. Three Million Dollars (\$3,000,000.00)
- 42 shall be allocated to all municipalities in equal shares, and
- 43 2. The remainder of the funds allocated as
- 44 follows:



45                   a. One-half (1/2) shall be allocated to  
46 municipalities based on the proportion that the population of a  
47 municipality according to the most recent federal decennial census  
48 bears to the total population of all municipalities in the state  
49 according to the most recent federal decennial census, and

50                   b. One-half (1/2) shall be allocated to  
51 municipalities based on the proportion that the amount of sales  
52 tax revenue distributed to a municipality during the preceding  
53 fiscal year under Section 27-65-75(1)(a) bears to the total amount  
54 of sales tax revenue distributed to all municipalities during the  
55 preceding fiscal year under Section 27-65-75(1)(a). The  
56 department shall distribute funds under this subsection (1) on a  
57 semiannual basis with distributions being made in the months of  
58 January and July.

59                   (ii) In order to be eligible to receive the full  
60 amount of funds allocated for distribution to a municipality  
61 during a year under this subsection (1), the municipality must  
62 have expended an amount not less than the amount of base  
63 expenditures during the previous municipal fiscal year for the  
64 purposes described in paragraph (a) of this subsection (1). If a  
65 municipality fails to expend such required amount, then the amount  
66 of funds allocated for distribution to the municipality shall be  
67 reduced by the percentage by which the municipality failed to  
68 expend the amount of base expenditures. For the purposes of this  
69 subsection (1), "base expenditures" means the average annual



70 expenditures made by a municipality for purposes described in  
71 paragraph (a) of this subsection (1) for the two-year period  
72 beginning October 1, 2020, and ending September 30, 2022.  
73 Expenditure of grant proceeds, loan proceeds, or the proceeds of  
74 bonds issued by a municipality for the purposes described in  
75 paragraph (a) of this subsection (1) shall not be considered when  
76 calculating the base period. Beginning July 1, 2023, and each  
77 succeeding July 1 thereafter, the amount of the base expenditures  
78 shall be adjusted and compounded annually by increasing or  
79 decreasing such amount by a percentage amount that is equal to the  
80 lesser of one-half percent (0.5%) or to the United States  
81 inflation rate for the previous calendar year ending on December  
82 31 as certified by the department and provided to the  
83 municipalities thereby within thirty (30) days of such  
84 certification. The United States inflation rate for a calendar  
85 year shall be the Consumer Price Index for the calendar year for  
86 urban consumers as calculated by the Bureau of Labor Statistics of  
87 the United States Department of Labor.

88 (c) The department and the Office of the State Auditor  
89 shall have all powers necessary to ensure the proper  
90 implementation of this subsection (1).

91 (2) (a) There is hereby created a special fund in the State  
92 Treasury. The fund shall be maintained by the State Treasurer as  
93 a separate and special fund, separate and apart from the General  
94 Fund of the state. The fund shall consist of monies deposited



95 therein under Section 27-67-31(f) and monies from any other source  
96 designated for deposit into such fund. Monies in the fund shall  
97 be expended by the department to provide funds to assist counties  
98 in this state in paying costs associated with (i) the repair,  
99 maintenance and/or reconstruction of roads, streets and bridges in  
100 counties, and/or (ii) as a pledge to pay all or a portion of debt  
101 service on debt issued by a county for the purposes provided in  
102 this subsection (2)(a). These monies shall not be used for  
103 salaries, benefits or any form of compensation for employees, or  
104 for contract employees, administrative costs, debt service except  
105 as provided in this subsection (2)(a), personal property or  
106 equipment ( \* \* \* other than personal property or equipment that  
107 is used for the purposes allowed in (i) and/or (ii) of this  
108 subsection (2)(a)), or for the construction or maintenance of  
109 public buildings or other structures that are not integral to the  
110 system of roads and bridges. Unexpended amounts remaining in the  
111 fund at the end of a fiscal year shall not lapse into the State  
112 General Fund, and any interest earned or investment earnings on  
113 amounts in the fund shall be deposited to the credit of the fund.

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

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



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

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

128 The department shall distribute funds under this subsection (2) on  
129 a semiannual basis with distributions being made in the months of  
130 January and July. Rural road miles and rural road population in  
131 the counties shall be determined in the same manner as they are  
132 determined for the purposes of the distribution formula in Section  
133 65-9-3.

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



145 (c) The department and the Office of the State Auditor  
146 shall have all powers necessary to ensure the proper  
147 implementation of this subsection (2).

148 **SECTION 2.** This act shall take effect and be in force from  
149 and after July 1, 2024.

