

By: Representative Lamar

To: Ways and Means

HOUSE BILL NO. 1620

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 TYPES OF EXPENDITURES THAT MAY BE CONSIDERED WHEN
 7 CALCULATING EXPENDITURES MADE BY A MUNICIPALITY OR COUNTY FOR SUCH
 8 PURPOSES DURING THE PREVIOUS FISCAL YEAR FOR THE PURPOSE OF
 9 ALLOCATING MONIES IN THE SPECIAL FUNDS TO THE MUNICIPALITY OR
 10 COUNTY; AND FOR RELATED PURPOSES.

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

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

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



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

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

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

45 2. The remainder of the funds allocated as
46 follows:



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

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

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



72 expenditures made by a municipality for purposes described in
73 paragraph (a) of this subsection (1) for the two-year period
74 beginning October 1, 2020, and ending September 30, 2022.
75 Expenditure of grant proceeds, loan proceeds, or the proceeds of
76 bonds issued by a municipality for the purposes described in
77 paragraph (a) of this subsection (1) shall not be considered when
78 calculating the base period. Expenditures by a municipality for
79 purposes described in paragraph (a) of this subsection (1) and for
80 which the municipality may not use monies received from the
81 department under this subsection (1), may be considered when
82 calculating the amount of funds expected by the municipality
83 during the previous municipal fiscal year, provided the
84 expenditures are related to the purposes described in (i), (ii)
85 and/or (iii) in paragraph (a) of this subsection (1). Beginning
86 July 1, 2023, and each succeeding July 1 thereafter, the amount of
87 the base expenditures shall be adjusted and compounded annually by
88 increasing or decreasing such amount by a percentage amount that
89 is equal to the lesser of one-half percent (0.5%) or to the United
90 States inflation rate for the previous calendar year ending on
91 December 31 as certified by the department and provided to the
92 municipalities thereby within thirty (30) days of such
93 certification. The United States inflation rate for a calendar
94 year shall be the Consumer Price Index for the calendar year for
95 urban consumers as calculated by the Bureau of Labor Statistics of
96 the United States Department of Labor.



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

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



121 on amounts in the fund shall be deposited to the credit of the
122 fund.

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

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

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

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

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

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



146 distributed to the county during that year shall not exceed the
147 amount of county funds expended by the county during the previous
148 county fiscal year for purposes described in paragraph (a) of this
149 subsection (2). Expenditure of the proceeds of bonds issued by a
150 county to pay costs associated with the repair, maintenance and/or
151 reconstruction of roads, streets and bridges shall not be
152 considered when determining the amount of county funds expended by
153 the county during the previous county fiscal year. Expenditures
154 by a county for purposes described in paragraph (a) of this
155 subsection (2) and for which the county may not use monies
156 received from the department under this subsection (2), may be
157 considered when calculating the amount of county funds expended by
158 the county during the previous county fiscal year, provided the
159 expenditures are related to purposes described in (i) and/or (ii)
160 in paragraph (a) of this subsection (2).

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

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

