

By: Senator(s) Branning

To: Finance

SENATE BILL NO. 2492

1 AN ACT TO AMEND SECTION 27-67-35, MISSISSIPPI CODE OF 1972,  
 2 TO ALLOW MUNICIPALITIES TO USE MONIES FROM USE TAX REVENUE FOR  
 3 PERSONAL PROPERTY OR EQUIPMENT TO BE USED FOR THE REPAIR,  
 4 MAINTENANCE AND/OR RECONSTRUCTION OF ROADS, STREETS AND BRIDGES,  
 5 OR TO BE USED FOR THE REPAIR, MAINTENANCE AND/OR OTHER  
 6 IMPROVEMENTS TO WATER INFRASTRUCTURE AND SEWER INFRASTRUCTURE,  
 7 INCLUDING STORM WATER AND DRAINAGE IMPROVEMENTS; AND FOR RELATED  
 8 PURPOSES.

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

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

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



21 (i) Repair, maintenance and/or reconstruction of  
22 roads, streets and bridges in municipalities \* \* \*;

23 (ii) Repair, maintenance and/or other improvements  
24 to water infrastructure and sewer infrastructure, including storm  
25 water and drainage improvements \* \* \*; and/or

26 (iii) As a pledge to pay all or a portion of debt  
27 service on debt issued by a municipality for the purposes provided  
28 in this subsection (1)(a).

29 These monies shall not be used for salaries, benefits or any  
30 form of compensation for employees, or for contract employees,  
31 administrative costs, debt service except as provided in this  
32 subsection (1)(a), personal property or equipment \* \* \*, except  
33 for personal property or equipment to be used for the purposes  
34 allowed in subparagraphs (i) and (ii) of this subsection (1)(a),  
35 or for the construction or maintenance of public buildings or  
36 other structures that are not integral to the system of roads and  
37 bridges. Unexpended amounts remaining in the fund at the end of a  
38 fiscal year shall not lapse into the State General Fund, and any  
39 interest earned or investment earnings on amounts in the fund  
40 shall be deposited to the credit of the fund.

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



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

47                   2. The remainder of the funds allocated as  
48 follows:

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

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

63                   (ii) In order to be eligible to receive the full  
64 amount of funds allocated for distribution to a municipality  
65 during a year under this subsection (1), the municipality must  
66 have expended an amount not less than the amount of base  
67 expenditures during the previous municipal fiscal year for the  
68 purposes described in paragraph (a) of this subsection (1). If a  
69 municipality fails to expend such required amount, then the amount



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

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



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

118                   (b)   (i)   Subject to the provisions of this paragraph  
119 (b) and Section 65-21-31, funds provided to counties under this



120 subsection (2) shall be allocated and distributed to counties in  
121 the following proportions:

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

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

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

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

138                   (ii) From and after July 1, 2020, of the funds  
139 allocated for distribution to a county during a year under this  
140 subsection (2), the maximum amount of such funds that may be  
141 distributed to the county during that year shall not exceed the  
142 amount of county funds expended by the county during the previous  
143 county fiscal year for purposes described in paragraph (a) of this  
144 subsection (2). Expenditure of the proceeds of bonds issued by a



145 county to pay costs associated with the repair, maintenance and/or  
146 reconstruction of roads, streets and bridges shall not be  
147 considered when determining the amount of county funds expended by  
148 the county during the previous county fiscal year.

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

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

