

By: Representative Arnold

To: Ways and Means

HOUSE BILL NO. 612

1 AN ACT TO AMEND SECTION 27-65-75, MISSISSIPPI CODE OF 1972,
2 TO PROVIDE THAT EIGHTEEN AND ONE-HALF PERCENT OF THE STATE SALES
3 TAX REVENUE COLLECTED FROM BUSINESS ACTIVITIES WITHIN A COUNTY
4 THAT OCCUR OUTSIDE OF THE MUNICIPALITIES IN A COUNTY SHALL BE PAID
5 TO THE COUNTY; TO PROVIDE THAT SUCH MONIES PAID TO A COUNTY SHALL
6 BE USED FOR REPAIR, MAINTENANCE AND RECONSTRUCTION OF ROADS,
7 STREETS AND BRIDGES; TO AMEND SECTION 27-65-53, MISSISSIPPI CODE
8 OF 1972, IN CONFORMITY THERETO; AND FOR RELATED PURPOSES.

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

10 **SECTION 1.** Section 27-65-75, Mississippi Code of 1972, is
11 amended as follows:

12 27-65-75. On or before the fifteenth day of each month, the
13 revenue collected under the provisions of this chapter during the
14 preceding month shall be paid and distributed as follows:

15 (1) (a) On or before August 15, 1992, and each succeeding
16 month thereafter through July 15, 1993, eighteen percent (18%) of
17 the total sales tax revenue collected during the preceding month
18 under the provisions of this chapter, except that collected under
19 the provisions of Sections 27-65-15, 27-65-19(3) and 27-65-21, on
20 business activities within a municipal corporation shall be
21 allocated for distribution to the municipality and paid to the



22 municipal corporation. Except as otherwise provided in this
23 paragraph (a), on or before August 15, 1993, and each succeeding
24 month thereafter, eighteen and one-half percent (18-1/2%) of the
25 total sales tax revenue collected during the preceding month under
26 the provisions of this chapter, except that collected under the
27 provisions of Sections 27-65-15, 27-65-19(3), 27-65-21 and
28 27-65-24, on business activities within a municipal corporation
29 shall be allocated for distribution to the municipality and paid
30 to the municipal corporation. However, in the event the State
31 Auditor issues a certificate of noncompliance pursuant to Section
32 21-35-31, the Department of Revenue shall withhold ten percent
33 (10%) of the allocations and payments to the municipality that
34 would otherwise be payable to the municipality under this
35 paragraph (a) until such time that the department receives written
36 notice of the cancellation of a certificate of noncompliance from
37 the State Auditor.

38 A municipal corporation, for the purpose of distributing the
39 tax under this subsection, shall mean and include all incorporated
40 cities, towns and villages.

41 Monies allocated for distribution and credited to a municipal
42 corporation under this paragraph may be pledged as security for a
43 loan if the distribution received by the municipal corporation is
44 otherwise authorized or required by law to be pledged as security
45 for such a loan.



46 In any county having a county seat that is not an
47 incorporated municipality, the distribution provided under this
48 subsection shall be made as though the county seat was an
49 incorporated municipality; however, the distribution to the
50 municipality shall be paid to the county treasury in which the
51 municipality is located, and those funds shall be used for road,
52 bridge and street construction or maintenance in the county.

53 (b) On or before August 15, 2006, and each succeeding
54 month thereafter, eighteen and one-half percent (18-1/2%) of the
55 total sales tax revenue collected during the preceding month under
56 the provisions of this chapter, except that collected under the
57 provisions of Sections 27-65-15, 27-65-19(3) and 27-65-21, on
58 business activities on the campus of a state institution of higher
59 learning or community or junior college whose campus is not
60 located within the corporate limits of a municipality, shall be
61 allocated for distribution to the state institution of higher
62 learning or community or junior college and paid to the state
63 institution of higher learning or community or junior college.

64 (c) On or before August 15, 2018, and each succeeding
65 month thereafter until August 14, 2019, two percent (2%) of the
66 total sales tax revenue collected during the preceding month under
67 the provisions of this chapter, except that collected under the
68 provisions of Sections 27-65-15, 27-65-19(3), 27-65-21 and
69 27-65-24, on business activities within the corporate limits of
70 the City of Jackson, Mississippi, shall be deposited into the



71 Capitol Complex Improvement District Project Fund created in
72 Section 29-5-215. On or before August 15, 2019, and each
73 succeeding month thereafter until August 14, 2020, four percent
74 (4%) of the total sales tax revenue collected during the preceding
75 month under the provisions of this chapter, except that collected
76 under the provisions of Sections 27-65-15, 27-65-19(3), 27-65-21
77 and 27-65-24, on business activities within the corporate limits
78 of the City of Jackson, Mississippi, shall be deposited into the
79 Capitol Complex Improvement District Project Fund created in
80 Section 29-5-215. On or before August 15, 2020, and each
81 succeeding month thereafter through July 15, 2023, six percent
82 (6%) of the total sales tax revenue collected during the preceding
83 month under the provisions of this chapter, except that collected
84 under the provisions of Sections 27-65-15, 27-65-19(3), 27-65-21
85 and 27-65-24, on business activities within the corporate limits
86 of the City of Jackson, Mississippi, shall be deposited into the
87 Capitol Complex Improvement District Project Fund created in
88 Section 29-5-215. On or before August 15, 2023, and each
89 succeeding month thereafter, nine percent (9%) of the total sales
90 tax revenue collected during the preceding month under the
91 provisions of this chapter, except that collected under the
92 provisions of Sections 27-65-15, 27-65-19(3), 27-65-21 and
93 27-65-24, on business activities within the corporate limits of
94 the City of Jackson, Mississippi, shall be deposited into the



Capitol Complex Improvement District Project Fund created in
Section 29-5-215.

(d) (i) On or before the fifteenth day of the month
that the diversion authorized by this section begins, and each
succeeding month thereafter, eighteen and one-half percent
(18-1/2%) of the total sales tax revenue collected during the
preceding month under the provisions of this chapter, except that
collected under the provisions of Sections 27-65-15, 27-65-19(3)
and 27-65-21, on business activities within a redevelopment
project area developed under a redevelopment plan adopted under
the Tax Increment Financing Act (Section 21-45-1 et seq.) shall be
allocated for distribution to the county in which the project area
is located if:

1. The county:

a. Borders on the Mississippi Sound and
the State of Alabama, or

b. Is Harrison County, Mississippi, and
the project area is within a radius of two (2) miles from the
intersection of Interstate 10 and Menge Avenue;

2. The county has issued bonds under Section
21-45-9 to finance all or a portion of a redevelopment project in
the redevelopment project area;

3. Any debt service for the indebtedness
incurred is outstanding; and



119 4. A development with a value of Ten Million
120 Dollars (\$10,000,000.00) or more is, or will be, located in the
121 redevelopment area.

122 (ii) Before any sales tax revenue may be allocated
123 for distribution to a county under this paragraph, the county
124 shall certify to the Department of Revenue that the requirements
125 of this paragraph have been met, the amount of bonded indebtedness
126 that has been incurred by the county for the redevelopment project
127 and the expected date the indebtedness incurred by the county will
128 be satisfied.

129 (iii) The diversion of sales tax revenue
130 authorized by this paragraph shall begin the month following the
131 month in which the Department of Revenue determines that the
132 requirements of this paragraph have been met. The diversion shall
133 end the month the indebtedness incurred by the county is
134 satisfied. All revenue received by the county under this
135 paragraph shall be deposited in the fund required to be created in
136 the tax increment financing plan under Section 21-45-11 and be
137 utilized solely to satisfy the indebtedness incurred by the
138 county.

139 (2) On or before September 15, 1987, and each succeeding
140 month thereafter, from the revenue collected under this chapter
141 during the preceding month, One Million One Hundred Twenty-five
142 Thousand Dollars (\$1,125,000.00) shall be allocated for
143 distribution to municipal corporations as defined under subsection



(1) of this section in the proportion that the number of gallons of gasoline and diesel fuel sold by distributors to consumers and retailers in each such municipality during the preceding fiscal year bears to the total gallons of gasoline and diesel fuel sold by distributors to consumers and retailers in municipalities statewide during the preceding fiscal year. The Department of Revenue shall require all distributors of gasoline and diesel fuel to report to the department monthly the total number of gallons of gasoline and diesel fuel sold by them to consumers and retailers in each municipality during the preceding month. The Department of Revenue shall have the authority to promulgate such rules and regulations as is necessary to determine the number of gallons of gasoline and diesel fuel sold by distributors to consumers and retailers in each municipality. In determining the percentage allocation of funds under this subsection for the fiscal year beginning July 1, 1987, and ending June 30, 1988, the Department of Revenue may consider gallons of gasoline and diesel fuel sold for a period of less than one (1) fiscal year. For the purposes of this subsection, the term "fiscal year" means the fiscal year beginning July 1 of a year.

(3) On or before September 15, 1987, and on or before the fifteenth day of each succeeding month, until the date specified in Section 65-39-35, the proceeds derived from contractors' taxes levied under Section 27-65-21 on contracts for the construction or reconstruction of highways designated under the highway program



created under Section 65-3-97 shall, except as otherwise provided in Section 31-17-127, be deposited into the State Treasury to the credit of the State Highway Fund to be used to fund that highway program. The Mississippi Department of Transportation shall provide to the Department of Revenue such information as is necessary to determine the amount of proceeds to be distributed under this subsection.

(4) On or before August 15, 1994, and on or before the fifteenth day of each succeeding month through July 15, 1999, from the proceeds of gasoline, diesel fuel or kerosene taxes as provided in Section 27-5-101(a)(ii)1, Four Million Dollars (\$4,000,000.00) shall be deposited in the State Treasury to the credit of a special fund designated as the "State Aid Road Fund," created by Section 65-9-17. On or before August 15, 1999, and on or before the fifteenth day of each succeeding month, from the total amount of the proceeds of gasoline, diesel fuel or kerosene taxes apportioned by Section 27-5-101(a)(ii)1, Four Million Dollars (\$4,000,000.00) or an amount equal to twenty-three and one-fourth percent (23-1/4%) of those funds, whichever is the greater amount, shall be deposited in the State Treasury to the credit of the "State Aid Road Fund," created by Section 65-9-17. Those funds shall be pledged to pay the principal of and interest on state aid road bonds heretofore issued under Sections 19-9-51 through 19-9-77, in lieu of and in substitution for the funds previously allocated to counties under this section. Those funds



may not be pledged for the payment of any state aid road bonds issued after April 1, 1981; however, this prohibition against the pledging of any such funds for the payment of bonds shall not apply to any bonds for which intent to issue those bonds has been published for the first time, as provided by law before March 29, 1981. From the amount of taxes paid into the special fund under this subsection and subsection (9) of this section, there shall be first deducted and paid the amount necessary to pay the expenses of the Office of State Aid Road Construction, as authorized by the Legislature for all other general and special fund agencies. The remainder of the fund shall be allocated monthly to the several counties in accordance with the following formula:

(a) One-third (1/3) shall be allocated to all counties in equal shares;

(b) One-third (1/3) shall be allocated to counties based on the proportion that the total number of rural road miles in a county bears to the total number of rural road miles in all counties of the state; and

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

For the purposes of this subsection, the term "gasoline, diesel fuel or kerosene taxes" means such taxes as defined in paragraph (f) of Section 27-5-101.



219 The amount of funds allocated to any county under this
220 subsection for any fiscal year after fiscal year 1994 shall not be
221 less than the amount allocated to the county for fiscal year 1994.

222 Any reference in the general laws of this state or the
223 Mississippi Code of 1972 to Section 27-5-105 shall mean and be
224 construed to refer and apply to subsection (4) of Section
225 27-65-75.

226 (5) On or before August 15, 2024, and each succeeding month
227 thereafter, One Million Six Hundred Sixty-six Thousand Six Hundred
228 Sixty-six Dollars (\$1,666,666.00) shall be paid into the special
229 fund known as the Education Enhancement Fund created and existing
230 under the provisions of Section 37-61-33.

231 (6) An amount each month beginning August 15, 1983, through
232 November 15, 1986, as specified in Section 6, Chapter 542, Laws of
233 1983, shall be paid into the special fund known as the
234 Correctional Facilities Construction Fund created in Section 6,
235 Chapter 542, Laws of 1983.

236 (7) On or before August 15, 1992, and each succeeding month
237 thereafter through July 15, 2000, two and two hundred sixty-six
238 one-thousandths percent (2.266%) of the total sales tax revenue
239 collected during the preceding month under the provisions of this
240 chapter, except that collected under the provisions of Section
241 27-65-17(2), shall be deposited by the department into the School
242 Ad Valorem Tax Reduction Fund created under Section 37-61-35. On
243 or before August 15, 2000, and each succeeding month thereafter,



two and two hundred sixty-six one-thousandths percent (2.266%) of the total sales tax revenue collected during the preceding month under the provisions of this chapter, except that collected under the provisions of Section 27-65-17(2), shall be deposited into the School Ad Valorem Tax Reduction Fund created under Section 37-61-35 until such time that the total amount deposited into the fund during a fiscal year equals Forty-two Million Dollars (\$42,000,000.00). Thereafter, the amounts diverted under this subsection (7) during the fiscal year in excess of Forty-two Million Dollars (\$42,000,000.00) shall be deposited into the Education Enhancement Fund created under Section 37-61-33 for appropriation by the Legislature as other education needs and shall not be subject to the percentage appropriation requirements set forth in Section 37-61-33.

(8) On or before August 15, 1992, and each succeeding month thereafter, nine and seventy-three one-thousandths percent (9.073%) of the total sales tax revenue collected during the preceding month under the provisions of this chapter, except that collected under the provisions of Section 27-65-17(2), shall be deposited into the Education Enhancement Fund created under Section 37-61-33.

(9) On or before August 15, 1994, and each succeeding month thereafter, from the revenue collected under this chapter during the preceding month, Two Hundred Fifty Thousand Dollars (\$250,000.00) shall be paid into the State Aid Road Fund.



(10) On or before August 15, 1994, and each succeeding month thereafter through August 15, 1995, from the revenue collected under this chapter during the preceding month, Two Million Dollars (\$2,000,000.00) shall be deposited into the Motor Vehicle Ad Valorem Tax Reduction Fund established in Section 27-51-105.

(11) Notwithstanding any other provision of this section to the contrary, on or before February 15, 1995, and each succeeding month thereafter, the sales tax revenue collected during the preceding month under the provisions of Section 27-65-17(2) and the corresponding levy in Section 27-65-23 on the rental or lease of private carriers of passengers and light carriers of property as defined in Section 27-51-101 shall be deposited, without diversion, into the Motor Vehicle Ad Valorem Tax Reduction Fund established in Section 27-51-105.

(12) Notwithstanding any other provision of this section to the contrary, on or before August 15, 1995, and each succeeding month thereafter, the sales tax revenue collected during the preceding month under the provisions of Section 27-65-17(1) on retail sales of private carriers of passengers and light carriers of property, as defined in Section 27-51-101 and the corresponding levy in Section 27-65-23 on the rental or lease of these vehicles, shall be deposited, after diversion, into the Motor Vehicle Ad Valorem Tax Reduction Fund established in Section 27-51-105.

(13) On or before July 15, 1994, and on or before the fifteenth day of each succeeding month thereafter, that portion of



the avails of the tax imposed in Section 27-65-22 that is derived from activities held on the Mississippi State Fairgrounds Complex shall be paid into a special fund that is created in the State Treasury and shall be expended upon legislative appropriation solely to defray the costs of repairs and renovation at the Trade Mart and Coliseum.

(14) On or before August 15, 1998, and each succeeding month thereafter through July 15, 2005, that portion of the avails of the tax imposed in Section 27-65-23 that is derived from sales by cotton compresses or cotton warehouses and that would otherwise be paid into the General Fund shall be deposited in an amount not to exceed Two Million Dollars (\$2,000,000.00) into the special fund created under Section 69-37-39. On or before August 15, 2007, and each succeeding month thereafter through July 15, 2010, that portion of the avails of the tax imposed in Section 27-65-23 that is derived from sales by cotton compresses or cotton warehouses and that would otherwise be paid into the General Fund shall be deposited in an amount not to exceed Two Million Dollars (\$2,000,000.00) into the special fund created under Section 69-37-39 until all debts or other obligations incurred by the Certified Cotton Growers Organization under the Mississippi Boll Weevil Management Act before January 1, 2007, are satisfied in full. On or before August 15, 2010, and each succeeding month thereafter through July 15, 2011, fifty percent (50%) of that portion of the avails of the tax imposed in Section 27-65-23 that



319 is derived from sales by cotton compresses or cotton warehouses
320 and that would otherwise be paid into the General Fund shall be
321 deposited into the special fund created under Section 69-37-39
322 until such time that the total amount deposited into the fund
323 during a fiscal year equals One Million Dollars (\$1,000,000.00).
324 On or before August 15, 2011, and each succeeding month
325 thereafter, that portion of the avails of the tax imposed in
326 Section 27-65-23 that is derived from sales by cotton compresses
327 or cotton warehouses and that would otherwise be paid into the
328 General Fund shall be deposited into the special fund created
329 under Section 69-37-39 until such time that the total amount
330 deposited into the fund during a fiscal year equals One Million
331 Dollars (\$1,000,000.00).

332 (15) Notwithstanding any other provision of this section to
333 the contrary, on or before September 15, 2000, and each succeeding
334 month thereafter, the sales tax revenue collected during the
335 preceding month under the provisions of Section
336 27-65-19(1)(d)(i)2, and 27-65-19(1)(d)(i)3 shall be deposited,
337 without diversion, into the Telecommunications Ad Valorem Tax
338 Reduction Fund established in Section 27-38-7.

339 (16) (a) On or before August 15, 2000, and each succeeding
340 month thereafter, the sales tax revenue collected during the
341 preceding month under the provisions of this chapter on the gross
342 proceeds of sales of a project as defined in Section 57-30-1 shall
343 be deposited, after all diversions except the diversion provided



for in subsection (1) of this section, into the Sales Tax Incentive Fund created in Section 57-30-3.

(b) On or before August 15, 2007, and each succeeding month thereafter, eighty percent (80%) of the sales tax revenue collected during the preceding month under the provisions of this chapter from the operation of a tourism project under the provisions of Sections 57-26-1 through 57-26-5, shall be deposited, after the diversions required in subsections (7) and (8) of this section, into the Tourism Project Sales Tax Incentive Fund created in Section 57-26-3.

(17) Notwithstanding any other provision of this section to the contrary, on or before April 15, 2002, and each succeeding month thereafter, the sales tax revenue collected during the preceding month under Section 27-65-23 on sales of parking services of parking garages and lots at airports shall be deposited, without diversion, into the special fund created under Section 27-5-101(d).

(18) [Repealed]

(19) (a) On or before August 15, 2005, and each succeeding month thereafter, the sales tax revenue collected during the preceding month under the provisions of this chapter on the gross proceeds of sales of a business enterprise located within a redevelopment project area under the provisions of Sections 57-91-1 through 57-91-11, and the revenue collected on the gross proceeds of sales from sales made to a business enterprise located



in a redevelopment project area under the provisions of Sections 57-91-1 through 57-91-11 (provided that such sales made to a business enterprise are made on the premises of the business enterprise), shall, except as otherwise provided in this subsection (19), be deposited, after all diversions, into the Redevelopment Project Incentive Fund as created in Section 57-91-9.

(b) For a municipality participating in the Economic Redevelopment Act created in Sections 57-91-1 through 57-91-11, the diversion provided for in subsection (1) of this section attributable to the gross proceeds of sales of a business enterprise located within a redevelopment project area under the provisions of Sections 57-91-1 through 57-91-11, and attributable to the gross proceeds of sales from sales made to a business enterprise located in a redevelopment project area under the provisions of Sections 57-91-1 through 57-91-11 (provided that such sales made to a business enterprise are made on the premises of the business enterprise), shall be deposited into the Redevelopment Project Incentive Fund as created in Section 57-91-9, as follows:

(i) For the first six (6) years in which payments are made to a developer from the Redevelopment Project Incentive Fund, one hundred percent (100%) of the diversion shall be deposited into the fund;



393 (ii) For the seventh year in which such payments
394 are made to a developer from the Redevelopment Project Incentive
395 Fund, eighty percent (80%) of the diversion shall be deposited
396 into the fund;

397 (iii) For the eighth year in which such payments
398 are made to a developer from the Redevelopment Project Incentive
399 Fund, seventy percent (70%) of the diversion shall be deposited
400 into the fund;

401 (iv) For the ninth year in which such payments are
402 made to a developer from the Redevelopment Project Incentive Fund,
403 sixty percent (60%) of the diversion shall be deposited into the
404 fund; and

405 (v) For the tenth year in which such payments are
406 made to a developer from the Redevelopment Project Incentive Fund,
407 fifty percent (50%) of the funds shall be deposited into the fund.

408 (20) On or before January 15, 2007, and each succeeding
409 month thereafter, eighty percent (80%) of the sales tax revenue
410 collected during the preceding month under the provisions of this
411 chapter from the operation of a tourism project under the
412 provisions of Sections 57-28-1 through 57-28-5 shall be deposited,
413 after the diversions required in subsections (7) and (8) of this
414 section, into the Tourism Sales Tax Incentive Fund created in
415 Section 57-28-3.

416 (21) (a) On or before April 15, 2007, and each succeeding
417 month thereafter through June 15, 2013, One Hundred Fifty Thousand



Dollars (\$150,000.00) of the sales tax revenue collected during the preceding month under the provisions of this chapter shall be deposited into the MMEIA Tax Incentive Fund created in Section 57-101-3.

(b) On or before July 15, 2013, and each succeeding month thereafter, One Hundred Fifty Thousand Dollars (\$150,000.00) of the sales tax revenue collected during the preceding month under the provisions of this chapter shall be deposited into the Mississippi Development Authority Job Training Grant Fund created in Section 57-1-451.

(22) On or before June 1, 2024, and each succeeding month thereafter until December 31, 2057, an amount determined annually by the Mississippi Development Authority of the sales tax revenue collected during the preceding month under the provisions of this chapter shall be deposited into the MMEIA Tax Incentive Fund created in Section 57-125-3. This amount shall be based on estimated payments due within the upcoming year to construction contractors pursuant to construction contracts subject to the tax imposed by Section 27-65-21 for construction to be performed on the project site of a project defined under Section 57-75-5(f)(xxxiii) for the coming year.

(23) Notwithstanding any other provision of this section to the contrary, on or before August 15, 2009, and each succeeding month thereafter, the sales tax revenue collected during the preceding month under the provisions of Section 27-65-201 shall be



deposited, without diversion, into the Motor Vehicle Ad Valorem
Tax Reduction Fund established in Section 27-51-105.

(24) (a) On or before August 15, 2019, and each month
thereafter through July 15, 2020, one percent (1%) of the total
sales tax revenue collected during the preceding month from
restaurants and hotels shall be allocated for distribution to the
Mississippi Development Authority Tourism Advertising Fund
established under Section 57-1-64, to be used exclusively for the
purpose stated therein. On or before August 15, 2020, and each
month thereafter through July 15, 2021, two percent (2%) of the
total sales tax revenue collected during the preceding month from
restaurants and hotels shall be allocated for distribution to the
Mississippi Development Authority Tourism Advertising Fund
established under Section 57-1-64, to be used exclusively for the
purpose stated therein. On or before August 15, 2021, and each
month thereafter, three percent (3%) of the total sales tax
revenue collected during the preceding month from restaurants and
hotels shall be allocated for distribution to the Mississippi
Development Authority Tourism Advertising Fund established under
Section 57-1-64, to be used exclusively for the purpose stated
therein. The revenue diverted pursuant to this subsection shall
not be available for expenditure until February 1, 2020.

(b) The Joint Legislative Committee on Performance
Evaluation and Expenditure Review (PEER) must provide an annual
report to the Legislature indicating the amount of funds deposited



into the Mississippi Development Authority Tourism Advertising Fund established under Section 57-1-64, and a detailed record of how the funds are spent.

(25) On or before September 15, 2025, and each succeeding month thereafter, eighteen and one-half percent (18-1/2%) of the total sales tax revenue collected during the preceding month under the provisions of this chapter, except that collected under the provisions of Sections 27-65-15, 27-65-19(3), 27-65-21 and 27-65-24, on business activities within a county that occur outside of the municipalities in the county shall be allocated for distribution to the county and paid to the county. Monies allocated for and paid to a county pursuant to this subsection (25) shall not be considered by the county as general fund revenue but shall be dedicated to and expended solely for repair, maintenance and/or reconstruction of roads, streets and bridges. The amount paid to a county under this subsection (25) shall be in addition to any other funds allocated for distribution to the various counties under this section.

(* * *26) The remainder of the amounts collected under the provisions of this chapter shall be paid into the State Treasury to the credit of the General Fund.

(* * *27) (a) It shall be the duty of the municipal officials of any municipality that expands its limits, or of any community that incorporates as a municipality, to notify the commissioner of that action thirty (30) days before the effective



493 date. Failure to so notify the commissioner shall cause the
494 municipality to forfeit the revenue that it would have been
495 entitled to receive during this period of time when the
496 commissioner had no knowledge of the action.

497 (b) (i) Except as otherwise provided in subparagraph
498 (ii) of this paragraph, if any funds have been erroneously
499 disbursed to any municipality or county or any overpayment of tax
500 is recovered by the taxpayer, the commissioner may make correction
501 and adjust the error or overpayment with the municipality or
502 county by withholding the necessary funds from any later payment
503 to be made to the municipality or county.

504 (ii) Subject to the provisions of Sections
505 27-65-51 and 27-65-53, if any funds have been erroneously
506 disbursed to a municipality under subsection (1) of this section
507 for a period of three (3) years or more, the maximum amount that
508 may be recovered or withheld from the municipality is the total
509 amount of funds erroneously disbursed for a period of three (3)
510 years beginning with the date of the first erroneous disbursement.
511 However, if during such period, a municipality provides written
512 notice to the Department of Revenue indicating the erroneous
513 disbursement of funds, then the maximum amount that may be
514 recovered or withheld from the municipality is the total amount of
515 funds erroneously disbursed for a period of one (1) year beginning
516 with the date of the first erroneous disbursement.



517 **SECTION 2.** Section 27-65-53, Mississippi Code of 1972, is
518 amended as follows:

519 27-65-53. If the commissioner finds that the taxpayer has
520 overpaid his tax for any reason and the taxpayer has discontinued
521 business and there is no subsequent liability upon which the
522 excess may be credited, or if the amount of the excess so paid
523 shall exceed the estimated liability for the next twelve (12)
524 months, the excess shall be refunded to the taxpayer. Such amount
525 shall be certified to the State Auditor of Public Accounts by the
526 commission. The said auditor is hereby authorized to make such
527 investigation and audit of the claim as he finds necessary. If he
528 finds that the commissioner is correct in his determination, the
529 auditor may issue his warrant to the State Treasurer in favor of
530 the taxpayer for the amount of tax erroneously paid into the State
531 Treasury, such refunds to be made from current sales tax
532 collections. If part of the overpayment has been disbursed to any
533 municipality * * *, state institution of higher learning or
534 county, under authority of Section 27-65-75, the
535 municipality * * *, state institution of higher learning or
536 county, having erroneously received the money, shall adjust the
537 amount with the commissioner, or the overpayment may be withheld
538 by the state from any funds due by the state to the
539 municipality * * *, state institution of higher learning or
540 county.



541 Provided, that where the taxpayer has overpaid his tax, the
542 commissioner may give credit for same and allow the taxpayer to
543 take credit on a subsequent return or, if necessary, in his
544 discretion, have the taxpayer file for a refund as provided
545 herein.

546 If any overpayment of tax as reflected in an application or
547 amended return, or both, filed by the taxpayer, and verified by
548 the commissioner or otherwise determined to be due by the
549 commissioner or commission, is not refunded or credited to a
550 taxpayer's account within ninety (90) days after the application
551 or amended return is filed or the date the commission or
552 commissioner determines a refund is due, whichever is later,
553 interest at the rate of one-half of one percent (1/2 of 1%) per
554 month shall be allowed on such overpayment computed for the period
555 after expiration of the ninety-day period provided herein to the
556 date of payment.

557 **SECTION 3.** This act shall take effect and be in force from
558 and after July 1, 2025.

