

By: Representative Roberson

To: Education

HOUSE BILL NO. 1628

1 AN ACT TO AMEND SECTION 119, CHAPTER 484, LAWS OF 2024,
2 MISSISSIPPI CODE OF 1972, TO CLARIFY THAT SUBSECTION 27-65-75 (5)
3 SHOULD NOT REPEAL BECAUSE THE PREVIOUS "EDUCATIONAL FACILITIES
4 REVOLVING LOAN FUND," WHICH WAS THE ORIGINAL FUND OF DEPOSIT, WAS
5 ABOLISHED AND REPLACED WITH THE "EDUCATION ENHANCEMENT FUND" AS
6 THE FUND OF DEPOSIT FOR THE TAX REVENUE COLLECTED FOR SUCH
7 PURPOSES UNDER THE "MISSISSIPPI STUDENT FUNDING FORMULA"; TO AMEND
8 SECTION 27-65-75, MISSISSIPPI CODE OF 1972, TO CLARIFY THE DEPOSIT
9 OF LOAN REPAYMENTS UNDER THE FORMER EDUCATIONAL FACILITIES
10 REVOLVING LOAN FUND SHALL BE MADE TO DFA UNTIL SUCH FINANCIAL
11 OBLIGATIONS, ARE SATISFIED IN FULL; AND FOR RELATED PURPOSES.

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

13 **SECTION 1.** Section 119, Chapter 484, Laws of 2024 is amended
14 as follows:

15 Section 119. Sections * * * 37-47-7 * * * and 37-47-24,
16 Mississippi Code of 1972, which provide for the Educational
17 Facilities Revolving Loan Fund and its funding mechanism, are
18 hereby repealed.

19 **SECTION 2.** Section 27-65-75, Mississippi Code of 1972, is
20 amended as follows:



21 27-65-75. On or before the fifteenth day of each month, the
22 revenue collected under the provisions of this chapter during the
23 preceding month shall be paid and distributed as follows:

24 (1) (a) On or before August 15, 1992, and each succeeding
25 month thereafter through July 15, 1993, eighteen percent (18%) of
26 the total sales tax revenue collected during the preceding month
27 under the provisions of this chapter, except that collected under
28 the provisions of Sections 27-65-15, 27-65-19(3) and 27-65-21, on
29 business activities within a municipal corporation shall be
30 allocated for distribution to the municipality and paid to the
31 municipal corporation. Except as otherwise provided in this
32 paragraph (a), on or before August 15, 1993, and each succeeding
33 month thereafter, eighteen and one-half percent (18-1/2%) of the
34 total sales tax revenue collected during the preceding month under
35 the provisions of this chapter, except that collected under the
36 provisions of Sections 27-65-15, 27-65-19(3), 27-65-21 and
37 27-65-24, on business activities within a municipal corporation
38 shall be allocated for distribution to the municipality and paid
39 to the municipal corporation. However, in the event the State
40 Auditor issues a certificate of noncompliance pursuant to Section
41 21-35-31, the Department of Revenue shall withhold ten percent
42 (10%) of the allocations and payments to the municipality that
43 would otherwise be payable to the municipality under this
44 paragraph (a) until such time that the department receives written



notice of the cancellation of a certificate of noncompliance from the State Auditor.

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

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

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

(b) On or before August 15, 2006, 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 on the campus of a state institution of higher learning or community or junior college whose campus is not located within the corporate limits of a municipality, shall be



70 allocated for distribution to the state institution of higher
71 learning or community or junior college and paid to the state
72 institution of higher learning or community or junior college.

73 (c) On or before August 15, 2018, and each succeeding
74 month thereafter until August 14, 2019, two percent (2%) of the
75 total sales tax revenue collected during the preceding month under
76 the provisions of this chapter, except that collected under the
77 provisions of Sections 27-65-15, 27-65-19(3), 27-65-21 and
78 27-65-24, on business activities within the corporate limits of
79 the City of Jackson, Mississippi, shall be deposited into the
80 Capitol Complex Improvement District Project Fund created in
81 Section 29-5-215. On or before August 15, 2019, and each
82 succeeding month thereafter until August 14, 2020, four percent
83 (4%) of the total sales tax revenue collected during the preceding
84 month under the provisions of this chapter, except that collected
85 under the provisions of Sections 27-65-15, 27-65-19(3), 27-65-21
86 and 27-65-24, on business activities within the corporate limits
87 of the City of Jackson, Mississippi, shall be deposited into the
88 Capitol Complex Improvement District Project Fund created in
89 Section 29-5-215. On or before August 15, 2020, and each
90 succeeding month thereafter through July 15, 2023, six percent
91 (6%) of the total sales tax revenue collected during the preceding
92 month under the provisions of this chapter, except that collected
93 under the provisions of Sections 27-65-15, 27-65-19(3), 27-65-21
94 and 27-65-24, on business activities within the corporate limits



of the City of Jackson, Mississippi, shall be deposited into the Capitol Complex Improvement District Project Fund created in Section 29-5-215. On or before August 15, 2023, and each succeeding month thereafter, nine percent (9%) 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 the corporate limits of 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

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

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

(iii) The diversion of sales tax revenue authorized by this paragraph shall begin the month following the month in which the Department of Revenue determines that the requirements of this paragraph have been met. The diversion shall end the month the indebtedness incurred by the county is satisfied. All revenue received by the county under this paragraph shall be deposited in the fund required to be created in



the tax increment financing plan under Section 21-45-11 and be utilized solely to satisfy the indebtedness incurred by the county.

(2) On or before September 15, 1987, and each succeeding month thereafter, from the revenue collected under this chapter during the preceding month, One Million One Hundred Twenty-five Thousand Dollars (\$1,125,000.00) shall be allocated for 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.

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

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

(5) On or before August 15, 2024, and each succeeding month thereafter, One Million Six Hundred Sixty-six Thousand Six Hundred Sixty-six Dollars (\$1,666,666.00) shall be paid into the special fund known as the Education Enhancement Fund created and existing under the provisions of Section 37-61-33. Any school district that holds outstanding balances for the repayment of funds received under the "Educational Facilities Revolving Loan Fund," which was repealed by operation of law under the authority of House Bill 4130, 2024 Regular Session, shall be remitted to the



Department of Finance and Administration for deposit into the
Education Enhancement Fund until such time that the obligation for
all remaining allotted repayments are satisfied.

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

(7) On or before August 15, 1992, and each succeeding month thereafter through July 15, 2000, 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 by the department into the School Ad Valorem Tax Reduction Fund created under Section 37-61-35. On 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



319 cotton compresses or cotton warehouses and that would otherwise be
320 paid into the General Fund shall be deposited in an amount not to
321 exceed Two Million Dollars (\$2,000,000.00) into the special fund
322 created under Section 69-37-39. On or before August 15, 2007, and
323 each succeeding month thereafter through July 15, 2010, that
324 portion of the avails of the tax imposed in Section 27-65-23 that
325 is derived from sales by cotton compresses or cotton warehouses
326 and that would otherwise be paid into the General Fund shall be
327 deposited in an amount not to exceed Two Million Dollars
328 (\$2,000,000.00) into the special fund created under Section
329 69-37-39 until all debts or other obligations incurred by the
330 Certified Cotton Growers Organization under the Mississippi Boll
331 Weevil Management Act before January 1, 2007, are satisfied in
332 full. On or before August 15, 2010, and each succeeding month
333 thereafter through July 15, 2011, fifty percent (50%) of that
334 portion of the avails of the tax imposed in Section 27-65-23 that
335 is derived from sales by cotton compresses or cotton warehouses
336 and that would otherwise be paid into the General Fund shall be
337 deposited into the special fund created under Section 69-37-39
338 until such time that the total amount deposited into the fund
339 during a fiscal year equals One Million Dollars (\$1,000,000.00).
340 On or before August 15, 2011, and each succeeding month
341 thereafter, that portion of the avails of the tax imposed in
342 Section 27-65-23 that is derived from sales by cotton compresses
343 or cotton warehouses and that would otherwise be paid into the



General Fund shall be deposited into the special fund created under Section 69-37-39 until such time that the total amount deposited into the fund during a fiscal year equals One Million Dollars (\$1,000,000.00).

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

(16) (a) On or before August 15, 2000, 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 project as defined in Section 57-30-1 shall 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.



392 (b) For a municipality participating in the Economic
393 Redevelopment Act created in Sections 57-91-1 through 57-91-11,
394 the diversion provided for in subsection (1) of this section
395 attributable to the gross proceeds of sales of a business
396 enterprise located within a redevelopment project area under the
397 provisions of Sections 57-91-1 through 57-91-11, and attributable
398 to the gross proceeds of sales from sales made to a business
399 enterprise located in a redevelopment project area under the
400 provisions of Sections 57-91-1 through 57-91-11 (provided that
401 such sales made to a business enterprise are made on the premises
402 of the business enterprise), shall be deposited into the
403 Redevelopment Project Incentive Fund as created in Section
404 57-91-9, as follows:

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

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

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



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

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

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

432 (21) (a) On or before April 15, 2007, and each succeeding
433 month thereafter through June 15, 2013, One Hundred Fifty Thousand
434 Dollars (\$150,000.00) of the sales tax revenue collected during
435 the preceding month under the provisions of this chapter shall be
436 deposited into the MMEIA Tax Incentive Fund created in Section
437 57-101-3.

438 (b) On or before July 15, 2013, and each succeeding
439 month thereafter, One Hundred Fifty Thousand Dollars (\$150,000.00)
440 of the sales tax revenue collected during the preceding month
441 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) 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.

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

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

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



516 funds erroneously disbursed for a period of one (1) year beginning
517 with the date of the first erroneous disbursement.

518 **SECTION 3.** This act shall take effect and be in force from
519 and after its passage.

