

By: Representatives Barnett, Calvert,
Deweese, Hood, Mangold, McMillan, Oliver,
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To: Ways and Means

HOUSE BILL NO. 1850

1 AN ACT TO PROVIDE THAT FOR CALENDAR YEAR 2026 AND FOR EACH
2 CALENDAR YEAR THEREAFTER, IF THE TRUE VALUE OF ANY PROPERTY
3 DETERMINED FOR AD VALOREM TAXATION PURPOSES INCREASES BY MORE THAN
4 5% ABOVE THE TRUE VALUE OF THE PROPERTY FOR THE NEXT PRECEDING
5 YEAR, THE PORTION OF THE TRUE VALUE OF THE PROPERTY THAT IS MORE
6 THAN 5% ABOVE THE TRUE VALUE OF THE PROPERTY FOR THE NEXT
7 PRECEDING YEAR SHALL BE EXEMPT FROM AD VALOREM TAXATION; TO BRING
8 FORWARD SECTION 27-35-50, MISSISSIPPI CODE OF 1972, WHICH PROVIDES
9 FOR THE DETERMINATION OF TRUE VALUE OF PROPERTY FOR AD VALOREM
10 TAXATION PURPOSES, FOR THE PURPOSES OF POSSIBLE AMENDMENT; AND FOR
11 RELATED PURPOSES.

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

13 **SECTION 1.** For calendar year 2026 and for each calendar year
14 thereafter, if the true value of any property as determined under
15 Section 27-35-50 increases by more than five percent (5%) above
16 the true value of the property for the next preceding year, the
17 portion of the true value of the property that is more than five
18 percent (5%) above the true value of the property for the next
19 preceding year shall be exempt from ad valorem taxation. However,
20 except for construction, renovations, expansions, improvements or
21 additions to promote energy efficiency, safety or access to
22 property, the exemption authorized in this section shall not apply



to any portion of increase in the true value of the property that is attributable to construction, renovations, expansions or improvements of or additions to the property. In addition, the exemption authorized in this section shall not apply to the first calendar year for which the true value of property is determined based on use or class that is different from the use or class for the property for the next preceding calendar year.

The exemption authorized by this section shall be in addition to any other ad valorem tax exemption authorized by law.

SECTION 2. Section 27-35-50, Mississippi Code of 1972, is brought forward as follows:

27-35-50. (1) True value shall mean and include, but shall not be limited to, market value, cash value, actual cash value, proper value and value for the purposes of appraisal for ad valorem taxation.

(2) With respect to each and every parcel of property subject to assessment, the tax assessor shall, in ascertaining true value, consider whenever possible the income capitalization approach to value, the cost approach to value and the market data approach to value, as such approaches are determined by the Department of Revenue. For differing types of categories of property, differing approaches may be appropriate. The choice of the particular valuation approach or approaches to be used should be made by the assessor upon a consideration of the category or nature of the property, the approaches to value for which the



highest quality data is available, and the current use of the property.

(3) Except as otherwise provided in subsection (4) of this section, in determining the true value of land and improvements thereon, factors to be taken into consideration are the proximity to navigation; to a highway; to a railroad; to a city, town, village or road; and any other circumstances that tend to affect its value, and not what it might bring at a forced sale but what the owner would be willing to accept and would expect to receive for it if he were disposed to sell it to another able and willing to buy.

(4) (a) In arriving at the true value of all Class I and Class II property and improvements, the appraisal shall be made according to current use, regardless of location.

(b) In arriving at the true value of any land used for agricultural purposes, the appraisal shall be made according to its use on January 1 of each year, regardless of its location; in making the appraisal, the assessor shall use soil types, productivity and other criteria set forth in the land appraisal manuals of the Department of Revenue, which criteria shall include, but not be limited to, an income capitalization approach with a capitalization rate of not less than ten percent (10%) and a moving average of not more than ten (10) years; however, for the year 2022 and thereafter, the moving average for such land, except land devoted to the production of timber, shall be as follows:



73 for the year 2022, four (4) years; for the year 2023, five (5)
74 years; for the year 2024, six (6) years; for the year 2025, seven
75 (7) years; for the year 2026, eight (8) years; for the year 2027,
76 nine (9) years; and for the year 2028 and thereafter, ten (10)
77 years. However, for the year 1990, the moving average shall not
78 be more than five (5) years; for the year 1991, not more than six
79 (6) years; for the year 1992, not more than seven (7) years; for
80 the year 1993, not more than eight (8) years; and for the year
81 1994, not more than nine (9) years; and for the year 1990, the
82 variation up or down from the previous year shall not exceed
83 twenty percent (20%) and thereafter, the variation, up or down,
84 from a previous year shall not exceed ten percent (10%) through
85 the year 2018; and for the year 2019 and thereafter, the
86 variation, up or down, from a previous year shall not exceed four
87 percent (4%). Government payments and crop insurance indemnities
88 shall not be included in determining the true value of such land,
89 and a charge for management of each crop equal to twenty-five
90 percent (25%) of the sum of a crop's estimated variable cost,
91 machinery ownership cost, and general farm overhead cost, shall be
92 deducted in determining the true value of such land. The land
93 shall be deemed to be used for agricultural purposes when it is
94 devoted to the commercial production of crops and other commercial
95 products of the soil, including, but not limited to, the
96 production of fruits and timber or the raising of livestock and
97 poultry; however, enrollment in the federal Conservation Reserve



98 Program or in any other United States Department of Agriculture
99 conservation program or the fact that the land is leased for
100 hunting or fishing purposes shall not preclude land being deemed
101 to be used for agricultural purposes solely on the ground that the
102 land is not being devoted to the production of commercial products
103 of the soil, and income derived from participation in the federal
104 program or income derived from a hunting or fishing lease may be
105 used in combination with other relevant criteria to determine the
106 true value of such land. The true value of aquaculture shall be
107 determined in the same manner as that used to determine the true
108 value of row crops.

109 (c) In determining the true value based upon current
110 use, no consideration shall be taken of the prospective value such
111 property might have if it were put to some other possible use.

112 (d) In arriving at the true value of affordable rental
113 housing, the assessor shall use the appraisal procedure set forth
114 in land appraisal manuals of the Department of Revenue. Such
115 procedure shall prescribe that the appraisal shall be made
116 according to actual net operating income attributable to the
117 property, capitalized at a market value capitalization rate
118 prescribed by the Department of Revenue that reflects the
119 prevailing cost of capital for commercial real estate in the
120 geographical market in which the affordable rental housing is
121 located adjusted for the enhanced risk that any recorded land use
122 regulation places on the net operating income from the property.



The owner of affordable rental housing shall provide to the county tax assessor on or before April 1 of each year, an accurate statement of the actual net operating income attributable to the property for the immediately preceding year prepared in accordance with generally acceptable accounting principles. As used in this paragraph:

(i) "Affordable rental housing" means residential housing consisting of one or more rental units, the construction and/or rental of which is subject to Section 42 of the Internal Revenue Code (26 USC 42), the Home Investment Partnership Program under the Cranston-Gonzalez National Affordable Housing Act (42 USC 12741 et seq.), the Federal Home Loan Banks Affordable Housing Program established pursuant to the Financial Institutions Reform, Recovery and Enforcement Act (FIRREA) of 1989 (Public Law 101-73), or any other federal, state or similar program intended to provide affordable housing to persons of low or moderate income and the occupancy and maximum rental rates of such housing are restricted based on the income of the persons occupying such housing.

(ii) "Land use regulation" means a restriction imposed by an extended low-income housing agreement or other covenant recorded in the applicable land records or by applicable law or regulation restricting the maximum income of residents and/or the maximum rental rate in the affordable rental housing.

(e) In arriving at the true value of ground leases on real property leased by the Mississippi State Port at Gulfport,



the assessor shall use the appraisal procedure set forth in land appraisal manuals of the Department of Revenue. Such procedure shall prescribe that the appraisal shall be made according to actual net ground rent attributable to the leased premises, capitalized at a market value capitalization rate prescribed by the Department of Revenue that reflects the prevailing cost of capital of commercial real estate in the geographical market in which the Mississippi State Port at Gulfport is located. As used in this paragraph (e):

(i) "Ground leases" means those leases of land where the Mississippi State Port at Gulfport is the landlord and a person or business entity is the tenant.

(ii) "Ground rent" means the rent paid to the Mississippi State Port at Gulfport in a set amount for a specific length of tenancy where the amount of rent may be adjusted from time to time based upon market indices, such as the consumer price index. Ground rent does not include percentage rent and rent based on improvements or any other type of rental payment.

(iii) "Percentage rent" means the rent paid to the Mississippi State Port at Gulfport that is calculated based upon revenue generated by the tenant by virtue of the ground lease.

(iv) "Rent based on improvements" means the rent paid to the Mississippi State Port at Gulfport that is calculated based upon investments in improvements to the leased premises made by tenant.



173 (5) The true value of each class of property shall be
174 determined annually.

175 (6) The Department of Revenue shall have the power to adopt,
176 amend or repeal such rules or regulations in a manner consistent
177 with the Constitution of the State of Mississippi to implement the
178 duties assigned to the department in this section.

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

