

By: Senator(s) Hill

To: Accountability,
Efficiency, Transparency;
Finance

SENATE BILL NO. 2560

1 AN ACT TO AMEND SECTION 27-65-75, MISSISSIPPI CODE OF 1972,
2 TO PROVIDE THAT 18-1/2% OF THE SALES TAX REVENUE COLLECTED FROM
3 BUSINESS ACTIVITIES OUTSIDE THE MUNICIPALITIES IN A COUNTY SHALL
4 BE PAID TO THE COUNTY; TO AMEND SECTION 27-65-53, MISSISSIPPI CODE
5 OF 1972, TO CONFORM; AND FOR RELATED PURPOSES.

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

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

9 27-65-75. On or before the fifteenth day of each month, the
10 revenue collected under the provisions of this chapter during the
11 preceding month shall be paid and distributed as follows:

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



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

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

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

43 In any county having a county seat that is not an
44 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 allocated for distribution to the state institution of higher learning or community or junior college and paid to the state institution of higher learning or community or junior college.

(c) On or before August 15, 2018, and each succeeding month thereafter until August 14, 2019, two percent (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 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, 2019, and each



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



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

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

136 (2) On or before September 15, 1987, and each succeeding
137 month thereafter, from the revenue collected under this chapter
138 during the preceding month, One Million One Hundred Twenty-five
139 Thousand Dollars (\$1,125,000.00) shall be allocated for
140 distribution to municipal corporations as defined under subsection
141 (1) of this section in the proportion that the number of gallons
142 of gasoline and diesel fuel sold by distributors to consumers and
143 retailers in each such municipality during the preceding fiscal



144 year bears to the total gallons of gasoline and diesel fuel sold
145 by distributors to consumers and retailers in municipalities
146 statewide during the preceding fiscal year. The Department of
147 Revenue shall require all distributors of gasoline and diesel fuel
148 to report to the department monthly the total number of gallons of
149 gasoline and diesel fuel sold by them to consumers and retailers
150 in each municipality during the preceding month. The Department
151 of Revenue shall have the authority to promulgate such rules and
152 regulations as is necessary to determine the number of gallons of
153 gasoline and diesel fuel sold by distributors to consumers and
154 retailers in each municipality. In determining the percentage
155 allocation of funds under this subsection for the fiscal year
156 beginning July 1, 1987, and ending June 30, 1988, the Department
157 of Revenue may consider gallons of gasoline and diesel fuel sold
158 for a period of less than one (1) fiscal year. For the purposes
159 of this subsection, the term "fiscal year" means the fiscal year
160 beginning July 1 of a year.

161 (3) On or before September 15, 1987, and on or before the
162 fifteenth day of each succeeding month, until the date specified
163 in Section 65-39-35, the proceeds derived from contractors' taxes
164 levied under Section 27-65-21 on contracts for the construction or
165 reconstruction of highways designated under the highway program
166 created under Section 65-3-97 shall, except as otherwise provided
167 in Section 31-17-127, be deposited into the State Treasury to the
168 credit of the State Highway Fund to be used to fund that highway



169 program. The Mississippi Department of Transportation shall
170 provide to the Department of Revenue such information as is
171 necessary to determine the amount of proceeds to be distributed
172 under this subsection.

173 (4) On or before August 15, 1994, and on or before the
174 fifteenth day of each succeeding month through July 15, 1999, from
175 the proceeds of gasoline, diesel fuel or kerosene taxes as
176 provided in Section 27-5-101(a)(ii)1, Four Million Dollars
177 (\$4,000,000.00) shall be deposited in the State Treasury to the
178 credit of a special fund designated as the "State Aid Road Fund,"
179 created by Section 65-9-17. On or before August 15, 1999, and on
180 or before the fifteenth day of each succeeding month, from the
181 total amount of the proceeds of gasoline, diesel fuel or kerosene
182 taxes apportioned by Section 27-5-101(a)(ii)1, Four Million
183 Dollars (\$4,000,000.00) or an amount equal to twenty-three and
184 one-fourth percent (23-1/4%) of those funds, whichever is the
185 greater amount, shall be deposited in the State Treasury to the
186 credit of the "State Aid Road Fund," created by Section 65-9-17.
187 Those funds shall be pledged to pay the principal of and interest
188 on state aid road bonds heretofore issued under Sections 19-9-51
189 through 19-9-77, in lieu of and in substitution for the funds
190 previously allocated to counties under this section. Those funds
191 may not be pledged for the payment of any state aid road bonds
192 issued after April 1, 1981; however, this prohibition against the
193 pledging of any such funds for the payment of bonds shall not



194 apply to any bonds for which intent to issue those bonds has been
195 published for the first time, as provided by law before March 29,
196 1981. From the amount of taxes paid into the special fund under
197 this subsection and subsection (9) of this section, there shall be
198 first deducted and paid the amount necessary to pay the expenses
199 of the Office of State Aid Road Construction, as authorized by the
200 Legislature for all other general and special fund agencies. The
201 remainder of the fund shall be allocated monthly to the several
202 counties in accordance with the following formula:

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

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

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

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

216 The amount of funds allocated to any county under this
217 subsection for any fiscal year after fiscal year 1994 shall not be
218 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.

(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 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 is derived from sales by cotton compresses 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



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

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

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

(ii) For the seventh year in which such payments are made to a developer from the Redevelopment Project Incentive



392 Fund, eighty percent (80%) of the diversion shall be deposited
393 into the fund;

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

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

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

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

413 (21) (a) On or before April 15, 2007, and each succeeding
414 month thereafter through June 15, 2013, One Hundred Fifty Thousand
415 Dollars (\$150,000.00) of the sales tax revenue collected during
416 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 August 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. 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 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 funds erroneously disbursed for a period of one (1) year beginning with the date of the first erroneous disbursement.

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

27-65-53. If the commissioner finds that the taxpayer has overpaid his or her tax for any reason and the taxpayer has discontinued business and there is no subsequent liability upon



515 which the excess may be credited, or if the amount of the excess
516 so paid shall exceed the estimated liability for the next twelve
517 (12) months, the excess shall be refunded to the taxpayer. Such
518 amount shall be certified to the State Auditor of Public Accounts
519 by the commission. The said auditor is hereby authorized to make
520 such investigation and audit of the claim as he finds necessary.
521 If he or she finds that the commissioner is correct in his or her
522 determination, the auditor may issue his or her warrant to the
523 State Treasurer in favor of the taxpayer for the amount of tax
524 erroneously paid into the State Treasury, such refunds to be made
525 from current sales tax collections. If part of the overpayment
526 has been disbursed to any municipality * * *, state institution of
527 higher learning or county, under authority of Section 27-65-75,
528 the municipality * * *, state institution of higher learning or
529 county, having erroneously received the money, shall adjust the
530 amount with the commissioner, or the overpayment may be withheld
531 by the state from any funds due by the state to the
532 municipality * * *, state institution of higher learning or
533 county.

534 Provided, that where the taxpayer has overpaid his or her
535 tax, the commissioner may give credit for same and allow the
536 taxpayer to take credit on a subsequent return or, if necessary,
537 in his or her discretion, have the taxpayer file for a refund as
538 provided herein.



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

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

