

By: Senator(s) Simmons (12th), Simmons
(13th), Thomas, Turner-Ford, Blackmon,
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To: Finance

SENATE BILL NO. 3001

1 AN ACT TO AMEND SECTION 27-65-111, MISSISSIPPI CODE OF 1972,
2 TO EXEMPT FROM THE SALES TAX RETAIL SALES OF GROCERIES; TO AMEND
3 SECTION 27-65-75, MISSISSIPPI CODE OF 1972, TO ADJUST THE
4 DISTRIBUTION OF SALES TAX REVENUE IN ORDER TO MAINTAIN THE
5 DISTRIBUTION TO MUNICIPALITIES AS IF GROCERIES CONTINUED TO BE
6 TAXED AT 7%; TO AMEND SECTION 27-65-241, MISSISSIPPI CODE OF 1972,
7 TO CONFORM; AND FOR RELATED PURPOSES.

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

9 **SECTION 1.** Section 27-65-111, Mississippi Code of 1972, is
10 amended as follows:

11 27-65-111. The exemptions from the provisions of this
12 chapter which are not industrial, agricultural or governmental, or
13 which do not relate to utilities or taxes, or which are not
14 properly classified as one (1) of the exemption classifications of
15 this chapter, shall be confined to persons or property exempted by
16 this section or by the Constitution of the United States or the
17 State of Mississippi. No exemptions as now provided by any other
18 section, except the classified exemption sections of this chapter
19 set forth herein, shall be valid as against the tax herein levied.



Any subsequent exemption from the tax levied hereunder, except as indicated above, shall be provided by amendments to this section.

No exemption provided in this section shall apply to taxes levied by Section 27-65-15 or 27-65-21.

The tax levied by this chapter shall not apply to the following:

(a) Sales of tangible personal property and services to hospitals or infirmaries owned and operated by a corporation or association in which no part of the net earnings inures to the benefit of any private shareholder, group or individual, and which are subject to and governed by Sections 41-7-123 through 41-7-127.

Only sales of tangible personal property or services which are ordinary and necessary to the operation of such hospitals and infirmaries are exempted from tax.

(b) Sales of daily or weekly newspapers, and periodicals or publications of scientific, literary or educational organizations exempt from federal income taxation under Section 501(c)(3) of the Internal Revenue Code of 1954, as it exists as of March 31, 1975, and subscription sales of all magazines.

(c) Sales of coffins, caskets and other materials used in the preparation of human bodies for burial.

(d) Sales of tangible personal property for immediate export to a foreign country.

(e) Sales of tangible personal property to an orphanage, old men's or ladies' home, supported wholly or in part



by a religious denomination, fraternal nonprofit organization or other nonprofit organization.

(f) Sales of tangible personal property, labor or services taxable under Sections 27-65-17, 27-65-19 and 27-65-23, to a YMCA, YWCA, a Boys' or Girls' Club owned and operated by a corporation or association in which no part of the net earnings inures to the benefit of any private shareholder, group or individual.

(g) Sales to elementary and secondary grade schools, junior and senior colleges owned and operated by a corporation or association in which no part of the net earnings inures to the benefit of any private shareholder, group or individual, and which are exempt from state income taxation, provided that this exemption does not apply to sales of property or services which are not to be used in the ordinary operation of the school, or which are to be resold to the students or the public.

(h) The gross proceeds of retail sales and the use or consumption in this state of drugs and medicines:

(i) Prescribed for the treatment of a human being by a person authorized to prescribe the medicines, and dispensed or prescription filled by a registered pharmacist in accordance with law; or

(ii) Furnished by a licensed physician, surgeon, dentist or podiatrist to his own patient for treatment of the patient; or



(iii) Furnished by a hospital for treatment of any person pursuant to the order of a licensed physician, surgeon, dentist or podiatrist; or

(iv) Sold to a licensed physician, surgeon, podiatrist, dentist or hospital for the treatment of a human being; or

(v) Sold to this state or any political subdivision or municipal corporation thereof, for use in the treatment of a human being or furnished for the treatment of a human being by a medical facility or clinic maintained by this state or any political subdivision or municipal corporation thereof.

"Medicines," as used in this paragraph (h), shall mean and include any substance or preparation intended for use by external or internal application to the human body in the diagnosis, cure, mitigation, treatment or prevention of disease and which is commonly recognized as a substance or preparation intended for such use; provided that "medicines" do not include any auditory, prosthetic, ophthalmic or ocular device or appliance, any dentures or parts thereof or any artificial limbs or their replacement parts, articles which are in the nature of splints, bandages, pads, compresses, supports, dressings, instruments, apparatus, contrivances, appliances, devices or other mechanical, electronic, optical or physical equipment or article or the component parts



94 and accessories thereof, or any alcoholic beverage or any other
95 drug or medicine not commonly referred to as a prescription drug.

96 Notwithstanding the preceding sentence of this paragraph (h),
97 "medicines" as used in this paragraph (h), shall mean and include
98 sutures, whether or not permanently implanted, bone screws, bone
99 pins, pacemakers and other articles permanently implanted in the
100 human body to assist the functioning of any natural organ, artery,
101 vein or limb and which remain or dissolve in the body.

102 The exemption provided in this paragraph (h) shall not apply
103 to medical cannabis sold in accordance with the provisions of the
104 Mississippi Medical Cannabis Act and in compliance with rules and
105 regulations adopted thereunder.

106 "Hospital," as used in this paragraph (h), shall have the
107 meaning ascribed to it in Section 41-9-3, Mississippi Code of
108 1972.

109 Insulin furnished by a registered pharmacist to a person for
110 treatment of diabetes as directed by a physician shall be deemed
111 to be dispensed on prescription within the meaning of this
112 paragraph (h).

113 (i) Retail sales of automobiles, trucks and
114 truck-tractors if exported from this state within forty-eight (48)
115 hours and registered and first used in another state.

116 (j) Sales of tangible personal property or services to
117 the Salvation Army and the Muscular Dystrophy Association, Inc.



(k) From July 1, 1985, through December 31, 1992, retail sales of "alcohol-blended fuel" as such term is defined in Section 75-55-5. The gasoline-alcohol blend or the straight alcohol eligible for this exemption shall not contain alcohol distilled outside the State of Mississippi.

(l) Sales of tangible personal property or services to the Institute for Technology Development.

(m) The gross proceeds of retail sales of food and drink for human consumption made through vending machines serviced by full-line vendors from and not connected with other taxable businesses.

(n) The gross proceeds of sales of motor fuel.

(o) Retail sales of food for human consumption eligible for purchase, whether or not actually purchased, with food stamps issued by the United States Department of Agriculture, or other federal agency, from and after October 1, 1987, or from and after the expiration of any waiver granted pursuant to federal law, the effect of which waiver is to permit the collection by the state of tax on such retail sales of food for human consumption purchased with food stamps.

(p) Sales of cookies for human consumption by the Girl Scouts of America no part of the net earnings from which sales inures to the benefit of any private group or individual.

(q) Gifts or sales of tangible personal property or services to public or private nonprofit museums of art.



143 (r) Sales of tangible personal property or services to
144 alumni associations of state-supported colleges or universities.

145 (s) Sales of tangible personal property or services to
146 National Association of Junior Auxiliaries, Inc., and chapters of
147 the National Association of Junior Auxiliaries, Inc.

148 (t) Sales of tangible personal property or services to
149 domestic violence shelters which qualify for state funding under
150 Sections 93-21-101 through 93-21-113.

151 (u) Sales of tangible personal property or services to
152 the National Multiple Sclerosis Society, Mississippi Chapter.

153 (v) Retail sales of food for human consumption
154 purchased with food instruments issued the Mississippi Band of
155 Choctaw Indians under the Women, Infants and Children Program
156 (WIC) funded by the United States Department of Agriculture.

157 (w) Sales of tangible personal property or services to
158 a private company, as defined in Section 57-61-5, which is making
159 such purchases with proceeds of bonds issued under Section 57-61-1
160 et seq., the Mississippi Business Investment Act.

161 (x) The gross collections from the operation of
162 self-service, coin-operated car washing equipment and sales of the
163 service of washing motor vehicles with portable high-pressure
164 washing equipment on the premises of the customer.

165 (y) Sales of tangible personal property or services to
166 the Mississippi Technology Alliance.



(z) Sales of tangible personal property to nonprofit organizations that provide foster care, adoption services and temporary housing for unwed mothers and their children if the organization is exempt from federal income taxation under Section 501(c)(3) of the Internal Revenue Code.

(aa) Sales of tangible personal property to nonprofit organizations that provide residential rehabilitation for persons with alcohol and drug dependencies if the organization is exempt from federal income taxation under Section 501(c)(3) of the Internal Revenue Code.

(ab) (i) Retail sales of an article of clothing or footwear designed to be worn on or about the human body and retail sales of school supplies if the sales price of the article of clothing or footwear or school supply is less than One Hundred Dollars (\$100.00) and the sale takes place during a period beginning at 12:01 a.m. on the second Friday in July and ending at 12:00 midnight the following Sunday. This paragraph (ab) shall not apply to:

1. Accessories including jewelry, handbags, luggage, umbrellas, wallets, watches, briefcases, garment bags and similar items carried on or about the human body, without regard to whether worn on the body in a manner characteristic of clothing;

2. The rental of clothing or footwear; and



191 3. Skis, swim fins, roller blades, skates and
192 similar items worn on the foot.

193 (ii) For purposes of this paragraph (ab), "school
194 supplies" means items that are commonly used by a student in a
195 course of study. The following is an all-inclusive list:

- 196 1. Backpacks;
- 197 2. Binder pockets;
- 198 3. Binders;
- 199 4. Blackboard chalk;
- 200 5. Book bags;
- 201 6. Calculators;
- 202 7. Cellophane tape;
- 203 8. Clays and glazes;
- 204 9. Compasses;
- 205 10. Composition books;
- 206 11. Crayons;
- 207 12. Dictionaries and thesauruses;
- 208 13. Dividers;
- 209 14. Erasers;
- 210 15. Folders: expandable, pocket, plastic and
211 manila;
- 212 16. Glue, paste and paste sticks;
- 213 17. Highlighters;
- 214 18. Index card boxes;
- 215 19. Index cards;



216 20. Legal pads;
217 21. Lunch boxes;
218 22. Markers;
219 23. Notebooks;
220 24. Paintbrushes for artwork;
221 25. Paints: acrylic, tempera and oil;
222 26. Paper: loose-leaf ruled notebook paper,
223 copy paper, graph paper, tracing paper, manila paper, colored
224 paper, poster board and construction paper;
225 27. Pencil boxes and other school supply
226 boxes;
227 28. Pencil sharpeners;
228 29. Pencils;
229 30. Pens;
230 31. Protractors;
231 32. Reference books;
232 33. Reference maps and globes;
233 34. Rulers;
234 35. Scissors;
235 36. Sheet music;
236 37. Sketch and drawing pads;
237 38. Textbooks;
238 39. Watercolors;
239 40. Workbooks; and
240 41. Writing tablets.



(iii) From and after January 1, 2010, the governing authorities of a municipality, for retail sales occurring within the corporate limits of the municipality, may suspend the application of the exemption provided for in this paragraph (ab) by adoption of a resolution to that effect stating the date upon which the suspension shall take effect. A certified copy of the resolution shall be furnished to the department * * * at least ninety (90) days prior to the date upon which the municipality desires such suspension to take effect.

(ac) The gross proceeds of sales of tangible personal property made for the sole purpose of raising funds for a school or an organization affiliated with a school.

As used in this paragraph (ac), "school" means any public or private school that teaches courses of instruction to students in any grade from kindergarten through Grade 12.

(ad) Sales of durable medical equipment and home medical supplies when ordered or prescribed by a licensed physician for medical purposes of a patient. As used in this paragraph (ad), "durable medical equipment" and "home medical supplies" mean equipment, including repair and replacement parts for the equipment or supplies listed under Title XVIII of the Social Security Act or under the state plan for medical assistance under Title XIX of the Social Security Act, prosthetics, orthotics, hearing aids, hearing devices, prescription eyeglasses, oxygen and oxygen equipment. Payment does not have to be made, in



whole or in part, by any particular person to be eligible for this exemption. Purchases of home medical equipment and supplies by a provider of home health services or a provider of hospice services are eligible for this exemption if the purchases otherwise meet the requirements of this paragraph.

(ae) Sales of tangible personal property or services to Mississippi Blood Services.

(af) (i) Subject to the provisions of this paragraph (af), retail sales of firearms, ammunition and hunting supplies if sold during the annual Mississippi Second Amendment Weekend holiday beginning at 12:01 a.m. on the last Friday in August and ending at 12:00 midnight the following Sunday. For the purposes of this paragraph (af), "hunting supplies" means tangible personal property used for hunting, including, and limited to, archery equipment, firearm and archery cases, firearm and archery accessories, hearing protection, holsters, belts and slings. Hunting supplies does not include animals used for hunting.

(ii) This paragraph (af) shall apply only if one or more of the following occur:

1. Title to and/or possession of an eligible item is transferred from a seller to a purchaser; and/or

2. A purchaser orders and pays for an eligible item and the seller accepts the order for immediate shipment, even if delivery is made after the time period provided



in subparagraph (i) of this paragraph (af), provided that the purchaser has not requested or caused the delay in shipment.

(ag) Sales of nonperishable food items to charitable organizations that are exempt from federal income taxation under Section 501(c)(3) of the Internal Revenue Code and operate a food bank or food pantry or food lines.

(ah) Sales of tangible personal property or services to the United Way of the Pine Belt Region, Inc.

(ai) Sales of tangible personal property or services to the Mississippi Children's Museum or any subsidiary or affiliate thereof operating a satellite or branch museum within this state.

(aj) Sales of tangible personal property or services to the Jackson Zoological Park.

(ak) Sales of tangible personal property or services to the Hattiesburg Zoo.

(al) Gross proceeds from sales of food, merchandise or other concessions at an event held solely for religious or charitable purposes at livestock facilities, agriculture facilities or other facilities constructed, renovated or expanded with funds for the grant program authorized under Section 18, Chapter 530, Laws of 1995.

(am) Sales of tangible personal property and services to the Diabetes Foundation of Mississippi and the Mississippi Chapter of the Juvenile Diabetes Research Foundation.



314 (an) Sales of potting soil, mulch, or other soil
315 amendments used in growing ornamental plants which bear no fruit
316 of commercial value when sold to commercial plant nurseries that
317 operate exclusively at wholesale and where no retail sales can be
318 made.

319 (ao) Sales of tangible personal property or services to
320 the University of Mississippi Medical Center Research Development
321 Foundation.

322 (ap) Sales of tangible personal property or services to
323 Keep Mississippi Beautiful, Inc., and all affiliates of Keep
324 Mississippi Beautiful, Inc.

325 (aq) Sales of tangible personal property or services to
326 the Friends of Children's Hospital.

327 (ar) Sales of tangible personal property or services to
328 the Pinecrest Weekend Backpacks for Kids located in Corinth,
329 Mississippi.

330 (as) Sales of hearing aids when ordered or prescribed
331 by a licensed physician, audiologist or hearing aid specialist for
332 the medical purposes of a patient.

333 (at) Sales exempt under the Facilitating Business Rapid
334 Response to State Declared Disasters Act of 2015 (Sections
335 27-113-1 through 27-113-9).

336 (au) Sales of tangible personal property or services to
337 the Junior League of Jackson.



338 (av) Sales of tangible personal property or services to
339 the Mississippi's Toughest Kids Foundation for use in the
340 construction, furnishing and equipping of buildings and related
341 facilities and infrastructure at Camp Kamassa in Copiah County,
342 Mississippi. This paragraph (av) shall stand repealed on July 1,
343 2025.

344 (aw) Sales of tangible personal property or services to
345 MS Gulf Coast Buddy Sports, Inc.

346 (ax) Sales of tangible personal property or services to
347 Biloxi Lions, Inc.

348 (ay) Sales of tangible personal property or services to
349 Lions Sight Foundation of Mississippi, Inc.

350 (az) Sales of tangible personal property and services
351 to the Goldring/Woldenberg Institute of Southern Jewish Life
352 (ISJL).

353 (ba) Sales of coins, currency, and bullion. For the
354 purposes of this paragraph (ba), the following words and phrases
355 shall have the meanings ascribed in this paragraph (ba) unless the
356 context clearly indicates otherwise:

357 (i) "Bullion" means a bar, ingot, or coin:

358 1. Manufactured, in whole or in part, of
359 gold, silver, platinum, or palladium;

360 2. That was or is used solely as a medium of
361 exchange, security, or commodity by any state, the United States
362 Government, or a foreign nation; and



363 3. Sold based on the intrinsic value of the
364 bar, ingot, or coin as a precious metal or collectible item rather
365 than its form or representative value as a medium of exchange.

366 (ii) "Coin or currency" means a coin or currency:

367 1. Manufactured, in whole or in part, of
368 gold, silver, other metal, or paper;

369 2. That was or is used solely as a medium of
370 exchange, security, or commodity by any state, the United States
371 Government, or a foreign nation; and

372 3. Sold based on the intrinsic value of the
373 coin or currency as a precious metal or collectible item rather
374 than its form or representative value as a medium of exchange.
375 "Coin or currency" does not include a coin or currency that has
376 been incorporated into jewelry.

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

379 27-65-75. On or before the fifteenth day of each month, the
380 revenue collected under the provisions of this chapter during the
381 preceding month shall be paid and distributed as follows:

382 (1) (a) (i) On or before August 15, 1992, and each
383 succeeding month thereafter through July 15, 1993, eighteen
384 percent (18%) of the total sales tax revenue collected during the
385 preceding month under the provisions of this chapter, except that
386 collected under the provisions of Sections 27-65-15, 27-65-19(3)
387 and 27-65-21, on business activities within a municipal



388 corporation shall be allocated for distribution to the
389 municipality and paid to the municipal corporation. Except as
390 otherwise provided in this paragraph (a), on or before August 15,
391 1993, and each succeeding month thereafter, eighteen and one-half
392 percent (18-1/2%) of the total sales tax revenue collected during
393 the preceding month under the provisions of this chapter, except
394 that collected under the provisions of Sections 27-65-15,
395 27-65-19(3), 27-65-21 and 27-65-24, on business activities within
396 a municipal corporation shall be allocated for distribution to the
397 municipality and paid to the municipal corporation.

398 However, in the event the State Auditor issues a certificate
399 of noncompliance pursuant to Section 21-35-31, the
400 department * * * shall withhold ten percent (10%) of the
401 allocations and payments to the municipality that would otherwise
402 be payable to the municipality under this paragraph (a) until such
403 time that the department receives written notice of the
404 cancellation of a certificate of noncompliance from the State
405 Auditor.

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

409 Monies allocated for distribution and credited to a municipal
410 corporation under this paragraph may be pledged as security for a
411 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.

(ii) On or before September 15, 2025, and each succeeding month thereafter through August 15, 2026, an amount shall be allocated to municipalities based on the proportion that the amount of sales tax revenue distributed to a municipality during the preceding fiscal year under subparagraph (i) of this paragraph (a) from retail sales of food for human consumption not purchased with food stamps issued by the United States Department of Agriculture or other federal agency, but which would have been exempt under Section 27-65-111(o) from the taxes imposed by this chapter if the food items had been purchased with food stamps, bears to the total amount of sales tax revenue distributed to all municipalities during the preceding fiscal year under subparagraph (i) of this paragraph (a) from retail sales of food for human consumption not purchased with food stamps issued by the United States Department of Agriculture or other federal agency, but which would have been exempt under Section 27-65-111(o) from the



taxes imposed by this chapter if the food items had been purchased with food stamps. On or before September 15, 2026, and each succeeding month thereafter, the amount distributed under this subparagraph (ii) shall be allocated to municipalities based on the proportion that the amount of sales tax revenue distributed to a municipality during the preceding fiscal year under this subparagraph (ii) bears to the total amount of sales tax revenue distributed to all municipalities during the preceding fiscal year under this subparagraph (ii). Beginning July 1, 2026, and each succeeding July 1 thereafter, the amount of the base expenditures shall be adjusted and compounded annually by increasing or decreasing such amount by a percentage amount equal to the lesser of one-half percent (0.5%) or to the United States inflation rate for the previous calendar year ending on December 31 as certified by the department and provided to the municipalities thereby within thirty (30) days of such certification. The United States inflation rate for a calendar year shall be the Consumer Price Index for the calendar year for urban consumers as calculated by the Bureau of Labor Statistics of the United States Department of Labor.

(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 succeeding month thereafter until August 14, 2020, four percent (4%) 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, 2020, and each succeeding month thereafter through July 15, 2023, six percent (6%) 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, 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:



512 1. The county:

513 a. Borders on the Mississippi Sound and

514 the State of Alabama, or

515 b. Is Harrison County, Mississippi, and

516 the project area is within a radius of two (2) miles from the

517 intersection of Interstate 10 and Menge Avenue;

518 2. The county has issued bonds under Section

519 21-45-9 to finance all or a portion of a redevelopment project in

520 the redevelopment project area;

521 3. Any debt service for the indebtedness

522 incurred is outstanding; and

523 4. A development with a value of Ten Million

524 Dollars (\$10,000,000.00) or more is, or will be, located in the

525 redevelopment area.

526 (ii) Before any sales tax revenue may be allocated

527 for distribution to a county under this paragraph, the county

528 shall certify to the department * * * that the requirements of

529 this paragraph have been met, the amount of bonded indebtedness

530 that has been incurred by the county for the redevelopment project

531 and the expected date the indebtedness incurred by the county will

532 be satisfied.

533 (iii) The diversion of sales tax revenue

534 authorized by this paragraph shall begin the month following the

535 month in which the department * * * determines that the

536 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 * * * 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 * * * 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 * * * 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 * * * 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



587 or before the fifteenth day of each succeeding month, from the
588 total amount of the proceeds of gasoline, diesel fuel or kerosene
589 taxes apportioned by Section 27-5-101(a)(ii)1, Four Million
590 Dollars (\$4,000,000.00) or an amount equal to twenty-three and
591 one-fourth percent (23-1/4%) of those funds, whichever is the
592 greater amount, shall be deposited in the State Treasury to the
593 credit of the "State Aid Road Fund," created by Section 65-9-17.
594 Those funds shall be pledged to pay the principal of and interest
595 on state aid road bonds heretofore issued under Sections 19-9-51
596 through 19-9-77, in lieu of and in substitution for the funds
597 previously allocated to counties under this section. Those funds
598 may not be pledged for the payment of any state aid road bonds
599 issued after April 1, 1981; however, this prohibition against the
600 pledging of any such funds for the payment of bonds shall not
601 apply to any bonds for which intent to issue those bonds has been
602 published for the first time, as provided by law before March 29,
603 1981. From the amount of taxes paid into the special fund under
604 this subsection and subsection (9) of this section, there shall be
605 first deducted and paid the amount necessary to pay the expenses
606 of the Office of State Aid Road Construction, as authorized by the
607 Legislature for all other general and special fund agencies. The
608 remainder of the fund shall be allocated monthly to the several
609 counties in accordance with the following formula:
610 (a) One-third (1/3) shall be allocated to all counties
611 in equal shares;



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

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

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

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

626 Any reference in the general laws of this state or the
627 Mississippi Code of 1972 to Section 27-5-105 shall mean and be
628 construed to refer and apply to subsection (4) of Section
629 27-65-75.

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

635 (6) An amount each month beginning August 15, 1983, through
636 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.



662 (8) On or before August 15, 1992, and each succeeding month
663 thereafter, nine and seventy-three one-thousandths percent
664 (9.073%) of the total sales tax revenue collected during the
665 preceding month under the provisions of this chapter, except that
666 collected under the provisions of Section 27-65-17(2), shall be
667 deposited into the Education Enhancement Fund created under
668 Section 37-61-33.

669 (9) On or before August 15, 1994, and each succeeding month
670 thereafter, from the revenue collected under this chapter during
671 the preceding month, Two Hundred Fifty Thousand Dollars
672 (\$250,000.00) shall be paid into the State Aid Road Fund.

673 (10) On or before August 15, 1994, and each succeeding month
674 thereafter through August 15, 1995, from the revenue collected
675 under this chapter during the preceding month, Two Million Dollars
676 (\$2,000,000.00) shall be deposited into the Motor Vehicle Ad
677 Valorem Tax Reduction Fund established in Section 27-51-105.

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



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

696 (13) On or before July 15, 1994, and on or before the
697 fifteenth day of each succeeding month thereafter, that portion of
698 the avails of the tax imposed in Section 27-65-22 that is derived
699 from activities held on the Mississippi State Fairgrounds Complex
700 shall be paid into a special fund that is created in the State
701 Treasury and shall be expended upon legislative appropriation
702 solely to defray the costs of repairs and renovation at the Trade
703 Mart and Coliseum.

704 (14) On or before August 15, 1998, and each succeeding month
705 thereafter through July 15, 2005, that portion of the avails of
706 the tax imposed in Section 27-65-23 that is derived from sales by
707 cotton compresses or cotton warehouses and that would otherwise be
708 paid into the General Fund shall be deposited in an amount not to
709 exceed Two Million Dollars (\$2,000,000.00) into the special fund
710 created under Section 69-37-39. On or before August 15, 2007, and
711 each succeeding month thereafter through July 15, 2010, that



712 portion of the avails of the tax imposed in Section 27-65-23 that
713 is derived from sales by cotton compresses or cotton warehouses
714 and that would otherwise be paid into the General Fund shall be
715 deposited in an amount not to exceed Two Million Dollars
716 (\$2,000,000.00) into the special fund created under Section
717 69-37-39 until all debts or other obligations incurred by the
718 Certified Cotton Growers Organization under the Mississippi Boll
719 Weevil Management Act before January 1, 2007, are satisfied in
720 full. On or before August 15, 2010, and each succeeding month
721 thereafter through July 15, 2011, fifty percent (50%) of that
722 portion of the avails of the tax imposed in Section 27-65-23 that
723 is derived from sales by cotton compresses or cotton warehouses
724 and that would otherwise be paid into the General Fund shall be
725 deposited into the special fund created under Section 69-37-39
726 until such time that the total amount deposited into the fund
727 during a fiscal year equals One Million Dollars (\$1,000,000.00).
728 On or before August 15, 2011, and each succeeding month
729 thereafter, that portion of the avails of the tax imposed in
730 Section 27-65-23 that is derived from sales by cotton compresses
731 or cotton warehouses and that would otherwise be paid into the
732 General Fund shall be deposited into the special fund created
733 under Section 69-37-39 until such time that the total amount
734 deposited into the fund during a fiscal year equals One Million
735 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



761 preceding month under Section 27-65-23 on sales of parking
762 services of parking garages and lots at airports shall be
763 deposited, without diversion, into the special fund created under
764 Section 27-5-101(d) .

765 (18) [Repealed]

766 (19) (a) On or before August 15, 2005, and each succeeding
767 month thereafter, the sales tax revenue collected during the
768 preceding month under the provisions of this chapter on the gross
769 proceeds of sales of a business enterprise located within a
770 redevelopment project area under the provisions of Sections
771 57-91-1 through 57-91-11, and the revenue collected on the gross
772 proceeds of sales from sales made to a business enterprise located
773 in a redevelopment project area under the provisions of Sections
774 57-91-1 through 57-91-11 (provided that such sales made to a
775 business enterprise are made on the premises of the business
776 enterprise), shall, except as otherwise provided in this
777 subsection (19), be deposited, after all diversions, into the
778 Redevelopment Project Incentive Fund as created in Section
779 57-91-9.

780 (b) For a municipality participating in the Economic
781 Redevelopment Act created in Sections 57-91-1 through 57-91-11,
782 the diversion provided for in subsection (1) of this section
783 attributable to the gross proceeds of sales of a business
784 enterprise located within a redevelopment project area under the
785 provisions of Sections 57-91-1 through 57-91-11, and attributable



786 to the gross proceeds of sales from sales made to a business
787 enterprise located in a redevelopment project area under the
788 provisions of Sections 57-91-1 through 57-91-11 (provided that
789 such sales made to a business enterprise are made on the premises
790 of the business enterprise), shall be deposited into the
791 Redevelopment Project Incentive Fund as created in Section
792 57-91-9, as follows:

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

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

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

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



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

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

820 (21) (a) On or before April 15, 2007, and each succeeding
821 month thereafter through June 15, 2013, One Hundred Fifty Thousand
822 Dollars (\$150,000.00) of the sales tax revenue collected during
823 the preceding month under the provisions of this chapter shall be
824 deposited into the MMEIA Tax Incentive Fund created in Section
825 57-101-3.

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

832 (22) On or before June 1, 2024, and each succeeding month
833 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



884 this period of time when the commissioner had no knowledge of the
885 action.

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

893 (ii) Subject to the provisions of Sections
894 27-65-51 and 27-65-53, if any funds have been erroneously
895 disbursed to a municipality under subsection (1) of this section
896 for a period of three (3) years or more, the maximum amount that
897 may be recovered or withheld from the municipality is the total
898 amount of funds erroneously disbursed for a period of three (3)
899 years beginning with the date of the first erroneous disbursement.
900 However, if during such period, a municipality provides written
901 notice to the department * * * indicating the erroneous
902 disbursement of funds, then the maximum amount that may be
903 recovered or withheld from the municipality is the total amount of
904 funds erroneously disbursed for a period of one (1) year beginning
905 with the date of the first erroneous disbursement.

906 **SECTION 3.** Section 27-65-241, Mississippi Code of 1972, is
907 amended as follows:



27-65-241. (1) As used in this section, the following terms shall have the meanings ascribed to them in this section unless otherwise clearly indicated by the context in which they are used:

(a) "Hotel" or "motel" means and includes a place of lodging that at any one time will accommodate transient guests on a daily or weekly basis and that is known to the trade as such. Such terms shall not include a place of lodging with ten (10) or less rental units.

(b) "Municipality" means any municipality in the State of Mississippi with a population of one hundred fifty thousand (150,000) or more according to the most recent federal decennial census.

(c) "Restaurant" means and includes all places where prepared food is sold and whose annual gross proceeds of sales or gross income for the preceding calendar year equals or exceeds One Hundred Thousand Dollars (\$100,000.00). The term "restaurant" shall not include any nonprofit organization that is exempt from federal income taxation under Section 501(c)(3) of the Internal Revenue Code. For the purpose of calculating gross proceeds of sales or gross income, the sales or income of all establishments owned, operated or controlled by the same person, persons or corporation shall be aggregated.

(2) (a) Subject to the provisions of this section, the governing authorities of a municipality may impose upon all persons as a privilege for engaging or continuing in business or



933 doing business within such municipality, a special sales tax at
934 the rate of not more than one percent (1%) of the gross proceeds
935 of sales or gross income of the business, as the case may be,
936 derived from any of the activities taxed at the rate of seven
937 percent (7%) or more under the Mississippi Sales Tax Law, Section
938 27-65-1 et seq.

939 (b) The tax levied under this section shall apply to
940 every person making sales of tangible personal property or
941 services within the municipality but shall not apply to:

942 (i) Sales exempted by Sections 27-65-19,
943 27-65-101, 27-65-103, 27-65-105, 27-65-107, 27-65-109 and
944 27-65-111 of the Mississippi Sales Tax Law;

945 (ii) Gross proceeds of sales or gross income of
946 restaurants derived from the sale of food and beverages;

947 (iii) Gross proceeds of sales or gross income of
948 hotels and motels derived from the sale of hotel rooms and motel
949 rooms for lodging purposes;

950 * * *

951 (* * *iv) Gross income of businesses engaging or
952 continuing in the business of TV cable systems, subscription TV
953 services, and other similar activities, including, but not limited
954 to, cable Internet services;

955 (* * *y) Wholesale sales of food and drink for
956 human consumption sold to full service vending machine operators;
957 and



(* * *vi) Wholesale sales of light wine, light spirit product, beer and alcoholic beverages.

(3) (a) Before any tax authorized under this section may be imposed, the governing authorities of the municipality shall adopt a resolution declaring its intention to levy the tax, setting forth the amount of the tax to be imposed, the purposes for which the revenue collected pursuant to the tax levy may be used and expended, the date upon which the tax shall become effective, the date upon which the tax shall be repealed, and calling for an election to be held on the question. The date of the election shall be set in the resolution. Notice of the election shall be published once each week for at least three (3) consecutive weeks in a newspaper published or having a general circulation in the municipality, with the first publication of the notice to be made not less than twenty-one (21) days before the date fixed in the resolution for the election and the last publication to be made not more than seven (7) days before the election. At the election, all qualified electors of the municipality may vote. The ballots used at the election shall have printed thereon a brief description of the sales tax, the amount of the sales tax levy, a description of the purposes for which the tax revenue may be used and expended and the words "FOR THE LOCAL SALES TAX" and "AGAINST THE LOCAL SALES TAX" and the voter shall vote by placing a cross (X) or check mark (✓) opposite his choice on the proposition. When the results of the election have been canvassed



983 by the election commissioners of the municipality and certified by
984 them to the governing authorities, it shall be the duty of such
985 governing authorities to determine and adjudicate whether at least
986 three-fifths (3/5) of the qualified electors who voted in the
987 election voted in favor of the tax. If at least three-fifths
988 (3/5) of the qualified electors who voted in the election voted in
989 favor of the tax, the governing authorities shall adopt a
990 resolution declaring the levy and collection of the tax provided
991 in this section and shall set the first day of the second month
992 following the date of such adoption as the effective date of the
993 tax levy. A certified copy of this resolution, together with the
994 result of the election, shall be furnished to the department * * *
995 not less than thirty (30) days before the effective date of the
996 levy.

997 (b) A municipality shall not hold more than two (2)
998 elections under this subsection.

999 (4) The revenue collected pursuant to the tax levy imposed
1000 under this section may be expended to pay the cost of road and
1001 street repair, reconstruction and resurfacing projects based on
1002 traffic patterns, need and usage, and to pay the costs of water,
1003 sewer and drainage projects in accordance with a master plan
1004 adopted by the commission established pursuant to subsection (7).

1005 (5) (a) The special sales tax authorized by this section
1006 shall be collected by the department * * *, shall be accounted for
1007 separately from the amount of sales tax collected for the state in



1008 the municipality and shall be paid to the municipality. The
1009 department * * * may retain one percent (1%) of the proceeds of
1010 such tax for the purpose of defraying the costs incurred by the
1011 department in the collection of the tax. Payments to the
1012 municipality shall be made by the department * * * on or before
1013 the fifteenth day of the month following the month in which the
1014 tax was collected. However, if a municipality fails to comply
1015 with the audit, reporting and/or report filing requirements of
1016 paragraph (b) of this subsection and does not remedy such
1017 noncompliance within thirty (30) days after receiving written
1018 notice of noncompliance, the department * * * shall withhold
1019 payments otherwise payable to the municipality under this
1020 paragraph (a) until the department receives written notice that
1021 the municipality has complied with such requirements.

1022 (b) The proceeds of the special sales tax shall be
1023 placed into a special municipal fund apart from the municipal
1024 general fund and any other funds of the municipality, and shall be
1025 expended by the municipality solely for the purposes authorized in
1026 subsection (4) of this section. The records reflecting the
1027 receipts and expenditures of the revenue from the special sales
1028 tax shall be provided in detail to the members of the commission
1029 monthly, to include the name of the vendor and the project, and
1030 the dates and amounts received and paid, and shall also be audited
1031 annually by an independent certified public accountant. The
1032 accountant shall make a report of his findings to the governing



1033 authorities of the municipality and file a copy of his report with
1034 the Secretary of the Senate and the Clerk of the House of
1035 Representatives and the commission members. The audit shall be
1036 made and completed as soon as practical after the close of the
1037 fiscal year of the municipality, and expenses of the audit shall
1038 be paid from the funds derived by the municipality pursuant to
1039 this section.

1040 (c) Any expenditure from the special municipal fund
1041 defined in paragraph (b) above that was not for a project approved
1042 by the commission, or was in excess of the amount approved by the
1043 commission, shall be reimbursed by the city to the special fund.

1044 (d) All provisions of the Mississippi Sales Tax Law
1045 applicable to filing of returns, discounts to the taxpayer,
1046 remittances to the department * * *, enforced collection, rights
1047 of taxpayers, recovery of improper taxes, refunds of overpaid
1048 taxes or other provisions of law providing for imposition and
1049 collection of the state sales tax shall apply to the special sales
1050 tax authorized by this section, except where there is a conflict,
1051 in which case the provisions of this section shall control. Any
1052 damages, penalties or interest collected for the nonpayment of
1053 taxes imposed under this section, or for noncompliance with the
1054 provisions of this section, shall be paid to the municipality on
1055 the same basis and in the same manner as the tax proceeds. Any
1056 overpayment of tax for any reason that has been disbursed to a
1057 municipality or any payment of the tax to a municipality in error



may be adjusted by the department * * * on any subsequent payment to the municipality pursuant to the provisions of the Mississippi Sales Tax Law. The department * * * may, from time to time, make such rules and regulations not inconsistent with this section as may be deemed necessary to carry out the provisions of this section, and such rules and regulations shall have the full force and effect of law.

(6) If a municipality expands its corporate boundaries, the governing authorities of the municipality may not impose the special sales tax in the annexed area unless the tax is approved at an election conducted, as far as is practicable, in the manner provided in subsection (3) of this section, except that only qualified electors in the annexed area may vote in the election.

(7) (a) Any municipality that levies the special sales tax authorized under this section shall establish a commission as provided for in this section. Expenditures of revenue from the special sales tax authorized by this section shall be in accordance with a master plan adopted by the commission pursuant to this subsection.

(b) The commission shall be composed of ten (10) voting members who shall be known as commissioners appointed as follows:

(i) Four (4) members representing the business community in the municipality appointed by the local chamber of commerce for initial terms of one (1), two (2), four (4) and five (5) years respectively. The members appointed pursuant to this



1083 paragraph shall be persons who represent businesses located within
1084 the city limits of the municipality.

1085 (ii) Three (3) members shall be appointed at large
1086 by the mayor of the municipality, with the advice and consent of
1087 the legislative body of the municipality, for initial terms of two
1088 (2), three (3) and four (4) years respectively. All appointments
1089 made by the mayor pursuant to this paragraph shall be residents of
1090 the municipality.

1091 (iii) One (1) member shall be appointed at large
1092 by the Governor for an initial term of four (4) years. All
1093 appointments made by the Governor pursuant to this paragraph shall
1094 be residents of the municipality.

1095 (iv) One (1) member shall be appointed at large by
1096 the Lieutenant Governor for an initial term of four (4) years.
1097 All appointments made by the Lieutenant Governor pursuant to this
1098 paragraph shall be residents of the municipality.

1099 (v) One (1) member shall be appointed at large by
1100 the Speaker of the House of Representatives for a term of four (4)
1101 years. All appointments made by the Speaker of the House of
1102 Representatives pursuant to this paragraph shall be residents of
1103 the municipality.

1104 (c) The terms of all appointments made subsequent to
1105 the initial appointment shall be made for five (5) years. Any
1106 vacancy which may occur shall be filled in the same manner as the
1107 original appointment and shall be made for the unexpired term.



1108 (d) The mayor of the municipality shall designate a
1109 chairman of the commission from among the membership of the
1110 commission. The vice chairman and secretary shall be elected by
1111 the commission from among the membership of the commission for a
1112 term of two (2) years. The vice chairman and secretary may be
1113 reelected, and the chairman may be reappointed.

1114 (e) The commissioners shall serve without compensation.

1115 (f) Any commissioner shall be disqualified and shall be
1116 removed from office for either of the following reasons:

1117 (i) Conviction of a felony in any state court or
1118 in federal court; or

1119 (ii) Failure to attend three (3) consecutive
1120 meetings without just cause.

1121 If a commissioner is removed for any of the above reasons,
1122 the vacancy shall be filled in the manner prescribed in this
1123 section and shall be made for the unexpired term.

1124 (g) A quorum shall consist of six (6) voting members of
1125 the commission. The commission shall adopt such rules and
1126 regulations as may govern the time and place for holding meetings,
1127 regular and special.

1128 (h) The commission shall, with input from the
1129 municipality, establish a master plan for road and street repair,
1130 reconstruction and resurfacing projects based on traffic patterns,
1131 need and usage, and for water, sewer and drainage projects.
1132 Expenditures of the revenue from the tax authorized to be imposed



1133 pursuant to this section shall be made at the discretion of the
1134 governing authorities of the municipality if the expenditures
1135 comply with the master plan. The commission shall monitor the
1136 compliance of the municipality with the master plan.

1137 (8) The governing authorities of any municipality that
1138 levies the special sales tax authorized under this section are
1139 authorized to incur debt, including bonds, notes or other
1140 evidences of indebtedness, for the purpose of paying the costs of
1141 road and street repair, reconstruction and resurfacing projects
1142 based on traffic patterns, need and usage, and to pay the costs of
1143 water, sewer and drainage projects in accordance with a master
1144 plan adopted by the commission established pursuant to subsection
1145 (7) of this section. Any bonds or notes issued to pay such costs
1146 may be secured by the proceeds of the special sales tax levied
1147 pursuant to this section or may be general obligations of the
1148 municipality and shall satisfy the requirements for the issuance
1149 of debt provided by Sections 21-33-313 through 21-33-323.

1150 (9) This section shall stand repealed from and after July 1,
1151 2035.

1152 **SECTION 4.** This act shall take effect and be in force from
1153 and after July 1, 2025.

