By: Senator(s) Hopson, Polk, Thompson, Berry, Jackson, Williams

To: Appropriations

SENATE BILL NO. 2036

AN ACT MAKING AN APPROPRIATION FOR THE PURPOSE OF DEFRAYING THE EXPENSES OF THE MISSISSIPPI DEPARTMENT OF REVENUE, INCLUDING THE HOMESTEAD EXEMPTION DIVISION, THE MOTOR VEHICLE COMPTROLLER FUNCTIONS, THE ALCOHOLIC BEVERAGE CONTROL DIVISION LIQUOR DISTRIBUTION CENTER, THE ENFORCEMENT DIVISION, AND FOR THE PURPOSE OF REIMBURSING THE COUNTIES, COUNTY DISTRICTS AND MUNICIPAL SEPARATE SCHOOL DISTRICTS FOR TAX LOSSES INCURRED BY REASON OF THE EXEMPTION OF HOMES FROM CERTAIN AD VALOREM TAXES, AND FOR THE PURPOSE OF PURCHASING MOTOR VEHICLE LICENSE TAGS FOR FISCAL YEAR 2026.

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

SECTION 1. The following sum, or so much thereof as may be necessary, is hereby appropriated out of any money in the State General Fund not otherwise appropriated, for the purpose of defraying the expenses of the Mississippi Department of Revenue, including the Homestead Exemption Division, the Motor Vehicle Comptroller functions, the Alcoholic Beverage Control Division Liquor Distribution Center, and The Enforcement Division for the fiscal year beginning July 1, 2025, and ending June 30, 2026...... ....$ 56,985,898.00.

SECTION 2. The following sum, or so much thereof as may be necessary, is hereby appropriated out of any money in the special fund in the State Treasury to the credit of the Mississippi Department of Revenue which are collected by or otherwise become available for the purpose of defraying the expenses of the department for the fiscal year beginning July 1, 2025, and ending June 30, 2026..................................$ 25,846,252.00.

SECTION 3. Of the funds appropriated under the provisions of this act, not more than the following amount of funds, with the exception of the provisions in this section, shall be expended only for "Personal Services," which includes "Vacancy Funding," for the following authorized number of employment headcount:

FUNDING:	
General Funds:	$ 44,893,454.00
Special Funds:	$ 29,378.00
Total Funds:	$ 44,922,832.00
PERSONAL SERVICES:	
Employee Salaries, Wages, and Fringe Benefits:	$ 42,935,198.00
Progressions:	$ 0.00
Vacancy Funding:	$ 1,987,634.00
Total Personal Services:	$ 44,922,832.00
AUTHORIZED HEADCOUNT:	
Permanent:	612
Time-Limited:	0

As used in this section, the term "Personal Services" shall mean funds provided under the major object of expenditure category

Personal Services for Salaries, Wages, and Fringe Benefits. Funds in this category shall not be transferred to any other category.

It is the intention of the Legislature to ensure compliance with the Variable Compensation Plan, as outlined in Section 25-9-147, Mississippi Code of 1972. Payment from these funds shall be in accordance with the Variable Compensation Plan promulgated by the Mississippi State Personnel Board. It is the Legislature's intention that no employee's salary falls below the minimum salary established by the Mississippi State Personnel Board.

The State Personnel Board shall determine and publish the projected annual cost of "Personal Services" based on monthly and year-to-date payroll expenditures in compliance with the provisions of this act.

With the funds herein appropriated, it shall be the agency's responsibility to ensure that no single personnel action or combination of personnel actions, when annualized, exceeds the Fiscal Year 2026 appropriation for "Personal Services" with the exception of escalated funds. Further, it shall be the agency's responsibility to ensure that funds required to be appropriated for "Personal Services" for Fiscal Year 2027 do not exceed Fiscal Year 2026 funds appropriated for that purpose unless programs or positions are added to the agency's Fiscal Year 2026 budget by the Mississippi Legislature.

If, at the time the agency takes any action to change "Personal Services," the State Personnel Board determines that the agency has taken or will take an action that would cause the agency to exceed the funds appropriated in this act when annualized for Fiscal Year 2026 or increase the need for "Personal Services" for Fiscal Year 2027, when annualized, the State Personnel Board shall process no salary actions until such time as the requirements of the provisions of this section are met with the exception of new hires determined to be essential for the agency.

When used in this section, "Vacancy Funding" shall mean funds included in the Total Personal Services amount listed above and designated for approved vacancies in Fiscal Year 2026. These funds are to be utilized to increase the number of filled headcounts that were authorized but unfilled as of the last day of Fiscal Year 2025. If the agency fills additional headcounts after May 1, 2025, until the end of Fiscal Year 2025, the amount of available Vacancy Funding may be proportionally reduced to reflect the updated number of filled headcounts. The agency shall be responsible for ensuring that "Vacancy Funding" is used to increase headcounts and not for promotions, title changes, in-range salary adjustments, or any other mechanism for increasing salaries for current employees.

Any transfers or escalations shall be made in accordance with the terms, conditions, and procedures established by law or allowable under the terms set forth within this act. The State Personnel Board shall not escalate positions without written approval from the Department of Finance and Administration. The Department of Finance and Administration shall not provide written approval to escalate any funds for salaries and/or headcounts without proof of availability of new or additional funds above the appropriated level. Unless specifically noted, all Fiscal Year 2025 escalated headcounts have been accounted for and shall be converted to authorized time-limited headcounts.

No general funds authorized to be expended herein shall be used to replace federal funds and/or other special funds used for salaries authorized under the provisions of this act and which are withdrawn and no longer available.

None of the funds herein appropriated shall be used in violation of the Internal Revenue Service's Publication 15-A relating to the reporting of income paid to contract employees, as interpreted by the Office of the State Auditor.

If the agency's total authorized headcount decreases from Fiscal Year 2025 to Fiscal Year 2026, it will be the agency's discretion as to what headcounts are removed.

SECTION 4. It shall be the duty of the Commissioner of the Mississippi Department of Revenue, and he is hereby empowered to select in the manner provided by Section 27-3-13, Mississippi Code of 1972, such employees as may be necessary to the administration of all acts relating to the exemption of homesteads and the reimbursement of tax losses to the several taxing units of the state, and to assign them to the use of the Mississippi Department of Revenue.

SECTION 5. The money herein appropriated may be used for any expenses which the commission may legally incur. Provided, however, that no part of the money herein appropriated shall be used for the payment of attorney's fees, except upon recommendation of the Governor with the approval of the Attorney General, nor shall any of said funds be used either directly or indirectly for the purpose of paying any clerk, stenographer, assistant, deputy or other employee who may be related by blood or marriage within the third degree, computed by the rule of civil law, to the official employing or having the right of employment or selection thereof, except that when the relationship is by affinity and the person is dead through whom the relationship was established, this rule shall not apply. In the event of any such payment, then the official or person approving and making such payment shall be liable to return to the State of Mississippi and to pay into the State Treasury to the credit of the General Fund three (3) times any such amount so paid to be recovered at suit by the Attorney General.

SECTION 6. In compliance with the "Mississippi Performance Budget and Strategic Planning Act of 1994," it is the intent of the Legislature that the funds provided herein shall be utilized in the most efficient and effective manner possible to achieve the intended mission of this agency. Based on the funding authorized, this agency shall make every effort to attain the targeted performance measures provided below:

Performance Measures	FY2026 Target
Tax Administration	
Cost per Unit of Work (Item/Case/Call)	17.70
Cost per Call Center Call Answered	5.76
Audit	
Cost per Audit	1,730.26
Tax Production per Audit	10,000
Tax Enforcement	
Cost per Dollar Collected in Recovery Actions	0.05
General Administration	
Average Cost per Return Processed	5.63
ROI - Revenue Collected per Dollar of Expense	137.99
Property & Motor Vehicle Services	
Cost per Homestead Exemption Application	3.71
Cost per Title Issued	2.95
Abc Liquor Distribution Center	
Cost per Case Shipped	3.33
ROI - GF Dollars Returned per Dollar of Cost	8.78
Enforcement	
Number of Permits-Alcohol	2,500

Number of Permits-Medical Cannabis	200
Number of Violations-Medical Cannabis	130
Average Number of Days to Issue Permit-Alcohol	15
Average Number of Days to Issue Permit-Medical Cannabis	20
Enforcement and Permitting Cost-Alcohol	1,113.39
Enforcement and Permitting Cost-Medical Cannabis	6,500.00
Percent Of Medical Cannabis Permits Receiving Administrative Action	5.00
Percent of Medical Cannabis Permits Receiving Criminal Action	5.00
Percent of Medical Cannabis Permits Inspected	100.00
Percent of Permit Applications Approved-Medical Cannabis	90.00

A reporting of the degree to which the performance targets set above have been or are being achieved shall be provided in the agency's budget request submitted to the Joint Legislative Budget Committee for Fiscal Year 2027.

SECTION 7. In addition to all other sums herein appropriated, the following sum, or so much thereof as may be necessary, is hereby appropriated out of any money in the State General Fund not otherwise appropriated, to the Mississippi

Department of Revenue for the purpose of reimbursing the counties of the state, the road districts and school districts therein and the municipal separate school districts, for tax losses incurred by reason of the exemption of homes from certain ad valorem taxes under the provisions of Section 27-33-1 et seq., Mississippi Code of 1972, for the fiscal year beginning July 1, 2025, and ending June 30, 2026.................................$ 94,000,000.00.

SECTION 8. Each county, road district, school district and municipal separate school district which has incurred a tax loss that is reimbursable under Section 7 of this act shall be reimbursed a sum which is equivalent to the amount of tax loss produced by the application of tax rates annually fixed for maintenance and current expenses to the assessed value of homes, or so much thereof as has been lawfully authorized under the provisions of Section 27-33-1 et seq., Mississippi Code of 1972.

The disbursements from the funds appropriated under the provisions of Section 7 of this act shall be based upon the certificates required of the clerks of the county boards of supervisors and of the clerks of the municipalities, which certificates shall conform strictly in every respect to the requirements of the provisions of Section 27-33-1 et seq., Mississippi Code of 1972.

All disbursements from the funds appropriated under the provisions of Section 7 of this act shall be made strictly in accordance with the provisions of Section 27-33-1 et seq., Mississippi Code of 1972, and no disbursements other than those clearly authorized by those sections shall be made, the provisions of any other law to the contrary notwithstanding.

SECTION 9. None of the funds appropriated under the provisions of Section 7 of this act may be distributed to any county, municipality, school district or other taxing district in which the assessed valuation of the taxing district has increased as a result of reappraisal of the property of the taxing district unless the governing board of the taxing district has published a notice in a newspaper having a general circulation in the taxing district, stating the lower millage rate that would produce the same amount of revenue from ad valorem taxation on property of the taxing district that was produced in the fiscal year before the property of the taxing district was reappraised.

SECTION 10. In addition to all other sums herein appropriated, the following sum, or so much thereof as may be necessary, is hereby appropriated out of any money in the State Treasury to the credit of the Mississippi Department of Revenue – License Tag Commission from any other special source funds made available to the License Tag Commission, for the fiscal year beginning July 1, 2025, and ending June 30, 2026.................. ....$ 6,400,000.00.

SECTION 11. None of the funds appropriated in Section 10 of this act shall be expended to purchase motor vehicle license tags made or manufactured by any department, agency or instrumentality of a state other than the State of Mississippi. None of the funds appropriated in this section shall be used for the purchase of bolts, nuts or other fastening devices for attaching said motor vehicle license tags. Provided further, that all motor vehicles belonging to any state department, agency, commission, institution or any other division of state government shall have license tags which shall bear the words "Government" at the bottom of such license tags.

SECTION 12. It is the intention of the Legislature that whenever two (2) or more bids are received by this agency for the purchase of commodities or equipment, and whenever all things stated in such received bids are equal with respect to price, quality and service, the Mississippi Industries for the Blind shall be given preference. A similar preference shall be given to the Mississippi Industries for the Blind whenever purchases are made without competitive bids.

SECTION 13. It is the intention of the Legislature that the Mississippi Department of Revenue shall maintain complete accounting and personnel records related to the expenditure of all funds appropriated under this act and that such records shall be in the same format and level of detail as maintained for Fiscal Year 2025. It is further the intention of the Legislature that the agency's budget request for Fiscal Year 2027 shall be submitted to the Joint Legislative Budget Committee in a format and level of detail comparable to the format and level of detail provided during the Fiscal Year 2026 budget request process.

SECTION 14. Of the funds appropriated in this act, it is the intention of the Legislature that up to Eight Hundred Eleven Thousand Seven Hundred Forty Dollars ($811,740.00) shall be allocated as follows: to the Municipal Court Collections Program Four Hundred Five Thousand Eight Hundred Seventy Dollars ($405,870.00) and to the Justice Court Collections Program Four Hundred Five Thousand Eight Hundred Seventy Dollars ($405,870.00) to be supported from General Fund court assessments.

SECTION 15. It is the intention of the Legislature that the funds herein appropriated shall be expended in compliance with Section 27-104-25, Mississippi Code of 1972, that no state agency shall incur obligations or indebtedness in excess of their appropriation and that the responsible officers, either personally or upon their official bonds, shall be held responsible for actions contrary to this provision.

SECTION 16. The following sum, or so much thereof as may be necessary, is reappropriated out of any money in the Capital Expense Fund not otherwise appropriated for the Department of Revenue for the purpose of reauthorizing the expenditure of Capital Expense Funds, to defray the expenses of the Department of Revenue, as authorized in SB 3047, 2024 Regular Session for the fiscal year beginning July 1, 2025, and ending June 30, 2026...... ....$ 1,279,971.00.

This appropriation is made for the purpose of reauthorizing the expenditure of funds as allocated herein:

(a) IT Infrastructure, Facility Repairs, and Equipment...... ....$ 362,000.00.

(b) Provisions pursuant to Section 67-1-205(2), Mississippi Code of 1972, related to contracting with a third-party entity to operate the Alcohol Beverage Control Liquor Distribution Center ....$ 653,000.00.

(c) Computer hardware and Equipment........$ 119,971.00.

(d) Data storage and Firewall Protection...$ 145,000.00.

Notwithstanding the amount reappropriated under this section, the amount that may be expended under the authority of this section, shall not exceed the unexpended balance of the funds remaining as of June 30, 2025, from the amount authorized for the previous fiscal year. In addition, this reappropriation shall not change the purpose for which the funds were originally authorized.

SECTION 17. Of the funds appropriated under the provisions of Section 2 of this act, Seven Hundred Seventy-five Thousand Dollars ($775,000.00), or so much as may be necessary, shall be derived out of any money in the State Treasury to the credit of the Capital Expense Fund, as created in Section 27-103-303, Mississippi Code of 1972, and allocated in a manner as determined by the State Treasurer. These funds are provided to the Department of Revenue for the purpose of purchasing high speed scanners.

SECTION 18. Of the funds in Section 2 of this act, Two Million Seven Hundred Seventy-five Thousand Dollars ($2,775,000.00) is provided for the purchase of technological equipment and software for the new Alcoholic Beverage Control (ABC) Warehouse.

SECTION 19. Of the funds appropriated in Section 1, Three Hundred Seventy-five Thousand ($375,000.00), is provided for implementation of the directory, enforcement, and other provisions as outlined in House Bill 916, 2025 Regular Session.

SECTION 20. With the funds herein appropriated, the Mississippi Department of Revenue is authorized to make payments for expenses incurred during prior fiscal years for an amount not to exceed One Hundred Twenty-nine Dollars ($129.00).

SECTION 21. The money herein appropriated shall be paid by the State Treasurer out of any money in the State Treasury to the credit of the proper fund or funds as set forth in this act, upon warrants issued by the State Fiscal Officer; and the Fiscal Officer shall issue his warrants upon requisitions signed by the proper person, officer or officers, in the manner provided by law.

SECTION 22. This act shall take effect and be in force from and after July 1, 2025.