

By: Warren

To: Education; Ways and
MeansHOUSE BILL NO. 1486
(As Sent to Governor)

1 AN ACT TO AMEND SECTIONS 27-65-75 AND 27-67-31, MISSISSIPPI
2 CODE OF 1972, TO REVISE THE AMOUNT OF SALES AND USE TAX REVENUE
3 DIVERTED TO THE SCHOOL AD VALOREM TAX REDUCTION FUND TO ESTABLISH
4 THE MAXIMUM AMOUNT THAT MAY BE DIVERTED TO SUCH FUND; TO PROVIDE
5 THAT AMOUNTS IN EXCESS OF THAT WHICH WOULD HAVE OTHERWISE BEEN
6 DIVERTED TO THE SCHOOL AD VALOREM TAX REDUCTION FUND SHALL BE
7 DEPOSITED INTO THE EDUCATION ENHANCEMENT FUND FOR APPROPRIATION BY
8 THE LEGISLATURE AS OTHER EDUCATION NEEDS; TO PROVIDE THAT THE
9 PROCEEDS OF THE SALES TAX ON INTERSTATE TELECOMMUNICATIONS
10 SERVICES SHALL BE DEPOSITED WITHOUT DIVERSION INTO THE
11 TELECOMMUNICATIONS AD VALOREM TAX REDUCTION FUND; TO AMEND
12 SECTIONS 37-61-33 AND 37-61-35, MISSISSIPPI CODE OF 1972, TO
13 CONFORM TO THE PROVISIONS OF THIS ACT; AND FOR RELATED PURPOSES.

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

15 SECTION 1. Section 27-65-75, Mississippi Code of 1972, as
16 amended by Senate Bill No. 2512, 2000 Regular Session, is amended
17 as follows:

18 27-65-75. On or before the fifteenth day of each month, the
19 revenue collected under the provisions of this chapter during the
20 preceding month shall be paid and distributed as follows:

21 (1) On or before August 15, 1992, and each succeeding month
22 thereafter through July 15, 1993, eighteen percent (18%) of the
23 total sales tax revenue collected during the preceding month under
24 the provisions of this chapter, except that collected under the
25 provisions of Sections 27-65-15, 27-65-19(3) and 27-65-21, on
26 business activities within a municipal corporation shall be
27 allocated for distribution to such municipality and paid to such
28 municipal corporation. On or before August 15, 1993, and each
29 succeeding month thereafter, eighteen and one-half percent
30 (18-1/2%) of the total sales tax revenue collected during the
31 preceding month under the provisions of this chapter, except that

32 collected under the provisions of Sections 27-65-15, 27-65-19(3)
33 and 27-65-21, on business activities within a municipal
34 corporation shall be allocated for distribution to such
35 municipality and paid to such municipal corporation.

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

39 Monies allocated for distribution and credited to a municipal
40 corporation under this subsection may be pledged as security for
41 any loan received by the municipal corporation for the purpose of
42 capital improvements as authorized under Section 57-1-303, or
43 loans as authorized under Section 57-44-7, or water systems
44 improvements as authorized under Section 41-3-16.

45 In any county having a county seat which is not an
46 incorporated municipality, the distribution provided hereunder
47 shall be made as though the county seat was an incorporated
48 municipality; however, the distribution to such municipality shall
49 be paid to the county treasury wherein the municipality is located
50 and such funds shall be used for road, bridge and street
51 construction or maintenance therein.

52 (2) On or before September 15, 1987, and each succeeding
53 month thereafter, from the revenue collected under this chapter
54 during the preceding month One Million One Hundred Twenty-five
55 Thousand Dollars (\$1,125,000.00) shall be allocated for
56 distribution to municipal corporations as defined under subsection
57 (1) of this section in the proportion that the number of gallons
58 of gasoline and diesel fuel sold by distributors to consumers and
59 retailers in each such municipality during the preceding fiscal
60 year bears to the total gallons of gasoline and diesel fuel sold
61 by distributors to consumers and retailers in municipalities
62 statewide during the preceding fiscal year. The State Tax
63 Commission shall require all distributors of gasoline and diesel
64 fuel to report to the commission monthly the total number of
65 gallons of gasoline and diesel fuel sold by them to consumers and
66 retailers in each municipality during the preceding month. The
67 State Tax Commission shall have the authority to promulgate such
68 rules and regulations as is necessary to determine the number of

69 gallons of gasoline and diesel fuel sold by distributors to
70 consumers and retailers in each municipality. In determining the
71 percentage allocation of funds under this subsection for the
72 fiscal year beginning July 1, 1987, and ending June 30, 1988, the
73 State Tax Commission may consider gallons of gasoline and diesel
74 fuel sold for a period of less than one (1) fiscal year. For the
75 purposes of this subsection, the term "fiscal year" means the
76 fiscal year beginning July 1 of a year.

77 (3) On or before September 15, 1987, and on or before the
78 fifteenth day of each succeeding month, until the date specified
79 in Section 65-39-35, the proceeds derived from contractors' taxes
80 levied under Section 27-65-21 on contracts for the construction or
81 reconstruction of highways designated under the Four-Lane Highway
82 Program created under Section 65-3-97 shall, except as otherwise
83 provided in Section 31-17-127, be deposited into the State
84 Treasury to the credit of the State Highway Fund to be used to
85 fund such Four-Lane Highway Program. The Mississippi Department
86 of Transportation shall provide to the State Tax Commission such
87 information as is necessary to determine the amount of proceeds to
88 be distributed under this subsection.

89 (4) On or before August 15, 1994, and on or before the
90 fifteenth day of each succeeding month through July 15, 1999, from
91 the proceeds of gasoline, diesel fuel or kerosene taxes as
92 provided in Section 27-5-101(a)(ii)1, Four Million Dollars
93 (\$4,000,000.00) shall be deposited in the State Treasury to the
94 credit of a special fund designated as the "State Aid Road Fund,"
95 created by Section 65-9-17. On or before August 15, 1999, and on
96 or before the fifteenth day of each succeeding month, from the
97 total amount of the proceeds of gasoline, diesel fuel or kerosene
98 taxes apportioned by Section 27-5-101(a)(ii), Four Million Dollars
99 (\$4,000,000.00) or an amount equal to twenty-three and one-fourth
100 percent (23.25%) of such funds, whichever is the greater amount,
101 shall be deposited in the State Treasury to the credit of the

102 "State Aid Road Fund," created by Section 65-9-17. Such funds
103 shall be pledged to pay the principal of and interest on state aid
104 road bonds heretofore issued under Sections 19-9-51 through
105 19-9-77, in lieu of and in substitution for the funds heretofore
106 allocated to counties under this section. Such funds may not be
107 pledged for the payment of any state aid road bonds issued after
108 April 1, 1981; however, this prohibition against the pledging of
109 any such funds for the payment of bonds shall not apply to any
110 bonds for which intent to issue such bonds has been published, for
111 the first time, as provided by law prior to March 29, 1981. From
112 the amount of taxes paid into the special fund pursuant to this
113 subsection and subsection (9) of this section, there shall be
114 first deducted and paid the amount necessary to pay the expenses
115 of the Office of State Aid Road Construction, as authorized by the
116 Legislature for all other general and special fund agencies. The
117 remainder of the fund shall be allocated monthly to the several
118 counties in accordance with the following formula:

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

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

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

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

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

135 1994. Monies allocated to a county from the State Aid Road Fund
136 for fiscal year 1995 or any fiscal year thereafter that exceed the
137 amount of funds allocated to that county from the State Aid Road
138 Fund for fiscal year 1994, first must be expended by the county
139 for replacement or rehabilitation of bridges on the state aid road
140 system that have a sufficiency rating of less than twenty-five
141 (25), according to National Bridge Inspection standards before
142 such monies may be approved for expenditure by the State Aid Road
143 Engineer on other projects that qualify for the use of state aid
144 road funds.

145 Any reference in the general laws of this state or the
146 Mississippi Code of 1972 to Section 27-5-105 shall mean and be
147 construed to refer and apply to subsection (4) of Section
148 27-65-75.

149 (5) One Million Six Hundred Sixty-six Thousand Six Hundred
150 Sixty-six Dollars (\$1,666,666.00) each month shall be paid into
151 the special fund known as the "State Public School Building Fund"
152 created and existing under the provisions of Sections 37-47-1
153 through 37-47-67. Such payments into said fund are to be made on
154 the last day of each succeeding month hereafter.

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

160 (7) On or before August 15, 1992, and each succeeding month
161 thereafter through July 15, 2000, two and two hundred sixty-six
162 one-thousandths percent (2.266%) of the total sales tax revenue
163 collected during the preceding month under the provisions of this
164 chapter, except that collected under the provisions of Section
165 27-65-17(2) shall be deposited by the commission into the School
166 Ad Valorem Tax Reduction Fund created pursuant to Section
167 37-61-35. On or before August 15, 2000, and each succeeding month

168 thereafter, two and two hundred sixty-six one-thousandths percent
169 (2.266%) of the total sales tax revenue collected during the
170 preceding month under the provisions of this chapter, except that
171 collected under the provisions of Section 27-65-17(2), shall be
172 deposited into the School Ad Valorem Tax Reduction Fund created
173 under Section 37-61-35 until such time that the total amount
174 deposited into the fund during a fiscal year equals Forty-two
175 Million Dollars (\$42,000,000.00). Thereafter, the amounts
176 diverted under this subsection (7) during the fiscal year in
177 excess of Forty-two Million Dollars (\$42,000,000.00) shall be
178 deposited into the Education Enhancement Fund created under
179 Section 37-61-33 for appropriation by the Legislature as other
180 education needs and shall not be subject to the percentage
181 appropriation requirements set forth in Section 37-61-33.

182 (8) On or before August 15, 1992, and each succeeding month
183 thereafter, nine and seventy-three one-thousandths percent
184 (9.073%) of the total sales tax revenue collected during the
185 preceding month under the provisions of this chapter, except that
186 collected under the provisions of Section 27-65-17(2) shall be
187 deposited into the Education Enhancement Fund created pursuant to
188 Section 37-61-33.

189 (9) On or before August 15, 1994, and each succeeding month
190 thereafter, from the revenue collected under this chapter during
191 the preceding month, Two Hundred Fifty Thousand Dollars
192 (\$250,000.00) shall be paid into the State Aid Road Fund.

193 (10) On or before August 15, 1994, and each succeeding month
194 thereafter through August 15, 1995, from the revenue collected
195 under this chapter during the preceding month, Two Million Dollars
196 (\$2,000,000.00) shall be deposited into the Motor Vehicle Ad
197 Valorem Tax Reduction Fund established in Section 27-51-105.

198 (11) Notwithstanding any other provision of this section to
199 the contrary, on or before February 15, 1995, and each succeeding
200 month thereafter, the sales tax revenue collected during the

201 preceding month under the provisions of Section 27-65-17(2) and
202 the corresponding levy in Section 27-65-23 on the rental or lease
203 of private carriers of passengers and light carriers of property
204 as defined in Section 27-51-101 shall be deposited, without
205 diversion, into the Motor Vehicle Ad Valorem Tax Reduction Fund
206 established in Section 27-51-105.

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

216 (13) On or before July 15, 1994, and on or before the
217 fifteenth day of each succeeding month thereafter, that portion of
218 the avails of the tax imposed in Section 27-65-22, which is
219 derived from activities held on the Mississippi state fairgrounds
220 complex, shall be paid into a special fund hereby created in the
221 State Treasury and shall be expended pursuant to legislative
222 appropriations solely to defray the costs of repairs and
223 renovation at such Trade Mart and Coliseum.

224 (14) On or before August 15, 1998, and each succeeding month
225 thereafter through July 15, 2005, that portion of the avails of
226 the tax imposed in Section 27-65-23 which is derived from sales by
227 cotton compresses or cotton warehouses and which would otherwise
228 be paid into the General Fund, shall be deposited in an amount not
229 to exceed Two Million Dollars (\$2,000,000.00) into the special
230 fund created pursuant to Section 69-37-39.

231 (15) Notwithstanding any other provision of this section to
232 the contrary, on or before September 15, 2000, and each succeeding
233 month thereafter, the sales tax revenue collected during the

234 preceding month under the provisions of Section 27-65-19(f), shall
235 be deposited, without diversion, into the Telecommunications Ad
236 Valorem Tax Reduction Fund established in Section 4 of Senate Bill
237 No. 2512, 2000 Regular Session.

238 (16) The remainder of the amounts collected under the
239 provisions of this chapter shall be paid into the State Treasury
240 to the credit of the General Fund.

241 (17) It shall be the duty of the municipal officials of any
242 municipality which expands its limits, or of any community which
243 incorporates as a municipality, to notify the commissioner of such
244 action thirty (30) days before the effective date. Failure to so
245 notify the commissioner shall cause such municipality to forfeit
246 the revenue which it would have been entitled to receive during
247 this period of time when the commissioner had no knowledge of the
248 action. If any funds have been erroneously disbursed to any
249 municipality or any overpayment of tax is recovered by the
250 taxpayer, the commissioner may make correction and adjust the
251 error or overpayment with such municipality by withholding the
252 necessary funds from any subsequent payment to be made to the
253 municipality.

254 SECTION 2. Section 27-67-31, Mississippi Code of 1972, is
255 amended as follows:[LR1]

256 * * *

257 27-67-31. All administrative provisions of the sales tax
258 law, and amendments thereto, including those which fix damages,
259 penalties and interest for failure to comply with the provisions
260 of said sales tax law, and all other requirements and duties
261 imposed upon taxpayer, shall apply to all persons liable for use
262 taxes under the provisions of this article. The commissioner
263 shall exercise all power and authority and perform all duties with
264 respect to taxpayers under this article as are provided in said
265 sales tax law, except where there is conflict, then the provisions
266 of this article shall control.

267 The commissioner may require transportation companies to
268 permit the examination of waybills, freight bills, or other
269 documents covering shipments of tangible personal property into
270 this state.

271 On or before the fifteenth day of each month, the amount
272 received from taxes, damages and interest under the provisions of
273 this article during the preceding month shall be paid and
274 distributed as follows:

275 (a) On or before July 15, 1994, through July 15, 2000,
276 and each succeeding month thereafter, two and two hundred
277 sixty-six one-thousandths percent (2.266%) of the total use tax
278 revenue collected during the preceding month under the provisions
279 of this article shall be deposited in the School Ad Valorem Tax
280 Reduction Fund created pursuant to Section 37-61-35. On or before
281 August 15, 2000, and each succeeding month thereafter, two and two
282 hundred sixty-six one-thousandths percent (2.266%) of the total
283 use tax revenue collected during the preceding month under the
284 provisions of this chapter shall be deposited into the School Ad
285 Valorem Tax Reduction Fund created under Section 37-61-35 until
286 such time that the total amount deposited into the fund during a
287 fiscal year equals Four Million Dollars (\$4,000,000.00).
288 Thereafter, the amounts diverted under this paragraph (a) during
289 the fiscal year in excess of Four Million Dollars (\$4,000,000.00)
290 shall be deposited into the Education Enhancement Fund created
291 under Section 37-61-33 for appropriation by the Legislature as
292 other education needs and shall not be subject to the percentage
293 appropriation requirements set forth in Section 37-61-33.

294 (b) On or before July 15, 1994, and each succeeding
295 month thereafter, nine and seventy-three one-thousandths percent
296 (9.073%) of the total use tax revenue collected during the
297 preceding month under the provisions of this article shall be
298 deposited into the Education Enhancement Fund created pursuant to
299 Section 37-61-33.

300 (c) On or before July 15, 1997, and on or before the
301 fifteenth day of each succeeding month thereafter, the revenue
302 collected under the provisions of this article imposed and levied
303 as a result of Section 27-65-17(2) and the corresponding levy in
304 Section 27-65-23 on the rental or lease of private carriers of
305 passengers and light carriers of property as defined in Section
306 27-51-101 shall be deposited into the Motor Vehicle Ad Valorem Tax
307 Reduction Fund created pursuant to Section 27-51-105.

308 (d) On or before July 15, 1997, and on or before the
309 fifteenth day of each succeeding month thereafter and after the
310 deposits required by paragraphs (a) and (b) of this section are
311 made, the remaining revenue collected under the provisions of this
312 article imposed and levied as a result of Section 27-65-17(1) and
313 the corresponding levy in Section 27-65-23 on the rental or lease
314 of private carriers of passengers and light carriers of property
315 as defined in Section 27-51-101 shall be deposited into the Motor
316 Vehicle Ad Valorem Tax Reduction Fund created pursuant to Section
317 27-51-105.

318 (e) The remainder of the amount received from taxes,
319 damages and interest under the provisions of this article shall be
320 paid into the General Fund of the State Treasury by the
321 commissioner.

322 * * *

323 SECTION 3. Section 37-61-33, Mississippi Code of 1972, is
324 amended as follows:[HS2]

325 **[Until July 1, 2002, this section reads as follows:]**

326 37-61-33. (1) There is hereby created within the State
327 Treasury a special fund to be designated the "Education
328 Enhancement Fund" into which shall be deposited all the revenues
329 collected pursuant to Sections 27-65-75(7) and (8), 27-67-31(a)
330 and (b) and 27-103-203(1).

331 (2) Of the amount deposited into the Education Enhancement
332 Fund, excluding revenues deposited pursuant to Section

333 27-103-203(1), Sixteen Million Dollars (\$16,000,000.00) shall be
334 appropriated each fiscal year to the State Department of Education
335 to be distributed to all school districts. Such money shall be
336 distributed to all school districts in the proportion that the
337 average daily attendance of each school district bears to the
338 average daily attendance of all school districts within the state
339 for the following purposes:

340 (a) Purchasing, erecting, repairing, equipping,
341 remodeling and enlarging school buildings and related facilities,
342 including gymnasiums, auditoriums, lunchrooms, vocational training
343 buildings, libraries, teachers' homes, school barns,
344 transportation vehicles (which shall include new and used
345 transportation vehicles) and garages for transportation vehicles,
346 and purchasing land therefor.

347 (b) Establishing and equipping school athletic fields
348 and necessary facilities connected therewith, and purchasing land
349 therefor.

350 (c) Providing necessary water, light, heating, air
351 conditioning and sewerage facilities for school buildings, and
352 purchasing land therefor.

353 (d) As a pledge to pay all or a portion of the debt
354 service on debt issued by the school district under Sections
355 37-59-1 through 37-59-45, 37-59-101 through 37-59-115, 37-7-351
356 through 37-7-359, 37-41-89 through 37-41-99, 37-7-301, 37-7-302
357 and 37-41-81, Mississippi Code of 1972, or debt issued by boards
358 of supervisors for agricultural high schools pursuant to Section
359 37-27-65, Mississippi Code of 1972, if such pledge is accomplished
360 pursuant to a written contract or resolution approved and spread
361 upon the minutes of an official meeting of the district's school
362 board or board of supervisors. The annual grant to such district
363 in any subsequent year during the term of the resolution or
364 contract shall not be reduced below an amount equal to the
365 district's grant amount for the year in which the contract or

366 resolution was adopted. The intent of this provision is to allow
367 school districts to irrevocably pledge a certain, constant stream
368 of revenue as security for long-term obligations issued under the
369 code sections enumerated in this paragraph or as otherwise allowed
370 by law. It is the intent of the Legislature that the provisions
371 of this paragraph shall be cumulative and supplemental to any
372 existing funding programs or other authority conferred upon school
373 districts or school boards. Debt of a district secured by a
374 pledge of sales tax revenue pursuant to this paragraph shall not
375 be subject to any debt limitation contained in the foregoing
376 enumerated code sections.

377 (3) The remainder of the money deposited into the Education
378 Enhancement Fund, excluding funds deposited pursuant to Section
379 27-103-203(1), shall be appropriated as follows:

380 (a) To the State Department of Education as follows:

381 (i) Eight and thirty-five one-hundredths percent
382 (8.35%) to be distributed to public school districts for the
383 funding of textbooks and other educational materials and to be
384 used by the State Department of Education for the purchase of
385 textbooks to be loaned under Sections 37-43-1 through 37-43-59 to
386 approved nonpublic schools, as described under Section 37-43-1.
387 The amount of funds under this item to be used by the department
388 for purchasing textbooks to loan to approved nonpublic schools
389 shall be in the proportion that the average daily attendance of
390 the nonpublic schools that are loaned textbooks by the state bears
391 to the average daily attendance of all school districts in the
392 state. The funds distributed to the school districts under this
393 item shall be in the proportion that the average daily attendance
394 of each school district bears to the average daily attendance of
395 all school districts within the state and shall be used to assist
396 in the funding of textbooks and other educational materials, to
397 include not more than Two Million Dollars (\$2,000,000.00) each
398 year for technology enhancement projects for elementary and

399 secondary education programs;

400 (ii) Seven and ninety-seven one-hundredths percent
401 (7.97%) to assist the funding of transportation operations and
402 maintenance pursuant to Section 37-19-23;

403 (iii) Eight and twenty-six one-hundredths percent
404 (8.26%) to assist the funding of the Uniform Millage Assistance
405 Grant Program pursuant to Section 37-22-1; and

406 (iv) Nine and sixty-one one-hundredths percent
407 (9.61%) for classroom supplies, instructional materials and
408 equipment, including computers and computer software, to be
409 distributed to all school districts in the proportion that the
410 average daily attendance of each school district bears to the
411 average daily attendance of all school districts within the state.
412 Such funds shall not be expended for administrative purposes.
413 Local school districts shall allocate classroom supply funds
414 equally among all classroom teachers in the school district. For
415 purposes of this subparagraph, "teacher" shall mean any employee
416 of the school board of a school district who is required by law to
417 obtain a teacher's license from the State Board of Education and
418 who is assigned to an instructional area of work as defined by the
419 State Department of Education, but shall not include a federally
420 funded teacher. Two (2) or more teachers may agree to pool their
421 classroom supply funds for the benefit of a school within the
422 district pursuant to the development of a spending plan that
423 supports the overall goals of the school which includes the type,
424 quantity and quality of such supplies, instructional materials,
425 equipment, computers or computer software. This plan shall be
426 submitted, in writing, to the school principal for approval.
427 Classroom supply funds allocated under this subparagraph shall
428 supplement, not replace, other local and state funds available for
429 the same purposes. School districts need not fully expend the
430 funds received under this subparagraph in the year in which they
431 are received, but such funds may be carried forward for

432 expenditure in any succeeding school year. The State Board of
433 Education shall develop and promulgate rules and regulations for
434 the administration of this subparagraph consistent with the above
435 criteria, with particular emphasis on allowing the individual
436 teachers to expend funds as they deem appropriate, with minimum
437 input from school principals;

438 (b) Twenty-two and nine one-hundredths percent (22.09%)
439 to the Board of Trustees of State Institutions of Higher Learning
440 for the purpose of supporting institutions of higher learning; and

441 (c) Fourteen and forty-one one-hundredths percent
442 (14.41%) to the State Board for Community and Junior Colleges for
443 the purpose of providing support to community and junior colleges.

444 (4) The amount remaining in the Education Enhancement Fund
445 after funds are distributed as provided in subsections (2) and (3)
446 of this section, excluding funds deposited pursuant to Section
447 27-103-203(1), shall be disbursed as follows:

448 (a) Twenty-five Million Dollars (\$25,000,000.00) shall
449 be deposited into the Working Cash-Stabilization Reserve Fund
450 created pursuant to Section 27-103-203(1), until the balance in
451 such fund reaches the maximum balance of seven and one-half
452 percent (7-1/2%) of the General Fund appropriations in the
453 appropriate fiscal year. After the maximum balance in the Working
454 Cash-Stabilization Reserve Fund is reached, such money shall
455 remain in the Education Enhancement Fund to be appropriated in the
456 manner provided for in paragraph (b) of this section.

457 (b) The remainder shall be appropriated for other
458 educational needs.

459 (5) None of the funds appropriated pursuant to subsection
460 (3)(a) of this section shall be used to reduce the state's general
461 fund appropriation for the categories listed in an amount below
462 the following amounts:

463 (a) For subsection (3)(a)(i) of this section, Six
464 Million Three Hundred Thirty Thousand Nine Hundred Twenty Dollars

465 (\$6,330,920.00);

466 (b) For subsection (3)(a)(ii) of this section

467 Thirty-six Million Seven Hundred Thousand Dollars

468 (\$36,700,000.00);

469 (c) For subsection (3)(a)(iii) of this section,

470 Twenty-one Million Four Hundred Thousand Dollars (\$21,400,000.00);

471 and

472 (d) For the aggregate of minimum program allotments

473 provided for in Chapter 19, Title 37, Mississippi Code of 1972, as

474 amended, excluding those funds for transportation as provided for

475 in subsection (5)(b) herein.

476 (6) At the end of a fiscal year such amounts as required by

477 Section 27-103-203(1) to be transferred to the Education

478 Enhancement Fund shall be deposited into said Education

479 Enhancement Fund and shall be kept separate from other monies in

480 the fund by the State Treasurer. Beginning with the 1994 fiscal

481 year the monies in such special fund deposited pursuant to said

482 Section 27-103-203(1) shall be subject to appropriation by the

483 Legislature in the following manner: (a) fifty percent (50%) to

484 support public education, including but not limited to, Grades K

485 through 12, Mississippi Educational Television and/or the

486 Mississippi Library Commission; (b) twenty-five percent (25%) to

487 support institutions of higher learning; and (c) twenty-five

488 percent (25%) to support the junior or community colleges. Any

489 amount of such monies transferred into said separate fund pursuant

490 to Section 27-103-203(1) which are not appropriated by the

491 Legislature shall not lapse but shall carry over and be subject to

492 appropriation by the Legislature in the succeeding fiscal year in

493 the same manner provided in this subsection (6). The interest

494 earned on the investment of such monies transferred pursuant to

495 Section 27-103-203(1) shall be paid into said separate fund within

496 the Education Enhancement Fund.

497 **[From and after July 1, 2002, this section reads as follows:]**

498 37-61-33. (1) There is hereby created within the State
499 Treasury a special fund to be designated the "Education
500 Enhancement Fund" into which shall be deposited all the revenues
501 collected pursuant to Sections 27-65-75(7) and (8), 27-67-31(a)
502 and (b) and 27-103-203(1).

503 (2) Of the amount deposited into the Education Enhancement
504 Fund, excluding revenues deposited pursuant to Section
505 27-103-203(1), Sixteen Million Dollars (\$16,000,000.00) shall be
506 appropriated each fiscal year to the State Department of Education
507 to be distributed to all school districts. Such money shall be
508 distributed to all school districts in the proportion that the
509 average daily attendance of each school district bears to the
510 average daily attendance of all school districts within the state
511 for the following purposes:

512 (a) Purchasing, erecting, repairing, equipping,
513 remodeling and enlarging school buildings and related facilities,
514 including gymnasiums, auditoriums, lunchrooms, vocational training
515 buildings, libraries, teachers' homes, school barns,
516 transportation vehicles (which shall include new and used
517 transportation vehicles) and garages for transportation vehicles,
518 and purchasing land therefor.

519 (b) Establishing and equipping school athletic fields
520 and necessary facilities connected therewith, and purchasing land
521 therefor.

522 (c) Providing necessary water, light, heating, air
523 conditioning and sewerage facilities for school buildings, and
524 purchasing land therefor.

525 (d) As a pledge to pay all or a portion of the debt
526 service on debt issued by the school district under Sections
527 37-59-1 through 37-59-45, 37-59-101 through 37-59-115, 37-7-351
528 through 37-7-359, 37-41-89 through 37-41-99, 37-7-301, 37-7-302
529 and 37-41-81, Mississippi Code of 1972, or debt issued by boards
530 of supervisors for agricultural high schools pursuant to Section

531 37-27-65, Mississippi Code of 1972, if such pledge is accomplished
532 pursuant to a written contract or resolution approved and spread
533 upon the minutes of an official meeting of the district's school
534 board or board of supervisors. The annual grant to such district
535 in any subsequent year during the term of the resolution or
536 contract shall not be reduced below an amount equal to the
537 district's grant amount for the year in which the contract or
538 resolution was adopted. The intent of this provision is to allow
539 school districts to irrevocably pledge a certain, constant stream
540 of revenue as security for long-term obligations issued under the
541 code sections enumerated in this paragraph or as otherwise allowed
542 by law. It is the intent of the Legislature that the provisions
543 of this paragraph shall be cumulative and supplemental to any
544 existing funding programs or other authority conferred upon school
545 districts or school boards. Debt of a district secured by a
546 pledge of sales tax revenue pursuant to this paragraph shall not
547 be subject to any debt limitation contained in the foregoing
548 enumerated code sections.

549 (3) The remainder of the money deposited into the Education
550 Enhancement Fund, excluding funds deposited pursuant to Section
551 27-103-203(1), shall be appropriated as follows:

552 (a) To the State Department of Education as follows:

553 (i) Sixteen and sixty-one one-hundredths percent
554 (16.61%) to the cost of the adequate education program determined
555 under Section 37-151-7;

556 (ii) Seven and ninety-seven one-hundredths percent
557 (7.97%) to assist the funding of transportation operations and
558 maintenance pursuant to Section 37-19-23; and

559 (iii) Nine and sixty-one one-hundredths percent
560 (9.61%) for classroom supplies, instructional materials and
561 equipment, including computers and computer software, to be
562 distributed to all school districts in the proportion that the
563 average daily attendance of each school district bears to the

564 average daily attendance of all school districts within the state.

565 It is the intent of the Legislature that all classroom teachers
566 shall be involved in the development of a spending plan that
567 addresses individual classroom needs and supports the overall
568 goals of the school regarding supplies, instructional materials,
569 equipment, computers or computer software under the provisions of
570 this subparagraph, including the type, quantity and quality of
571 such supplies, materials and equipment. This plan shall be
572 submitted to the school principal for approval. School districts
573 need not fully expend the funds received under this subparagraph
574 in the year in which they are received, but such funds may be
575 carried forward for expenditure in any succeeding school year.

576 (b) Twenty-two and nine one-hundredths percent (22.09%)
577 to the Board of Trustees of State Institutions of Higher Learning
578 for the purpose of supporting institutions of higher learning, and
579 fourteen and forty-one one-hundredths percent (14.41%) to the
580 State Board for Community and Junior Colleges for the purpose of
581 providing support to community and junior colleges.

582 (4) The amount remaining in the Education Enhancement Fund
583 after funds are distributed as provided in subsections (2) and (3)
584 of this section, excluding funds deposited pursuant to Section
585 27-103-203(1), shall be disbursed as follows:

586 (a) Twenty-five Million Dollars (\$25,000,000.00) shall
587 be deposited into the Working Cash-Stabilization Reserve Fund
588 created pursuant to Section 27-103-203(1), until the balance in
589 such fund reaches the maximum balance of seven and one-half
590 percent (7-1/2%) of the General Fund appropriations in the
591 appropriate fiscal year. After the maximum balance in the Working
592 Cash-Stabilization Reserve Fund is reached, such money shall
593 remain in the Education Enhancement Fund to be appropriated in the
594 manner provided for in paragraph (b) of this section.

595 (b) The remainder shall be appropriated for other
596 educational needs.

597 (5) None of the funds appropriated pursuant to subsection
598 (3)(a) of this section shall be used to reduce the state's general
599 fund appropriation for the categories listed in an amount below
600 the following amounts:

601 (a) For subsection (3)(a)(ii) of this section
602 Thirty-six Million Seven Hundred Thousand Dollars
603 (\$36,700,000.00);

604 (b) For the aggregate of minimum program allotments in
605 the 1997 fiscal year, formerly provided for in Chapter 19, Title
606 37, Mississippi Code of 1972, as amended, excluding those funds
607 for transportation as provided for in subsection (5)(a) herein.

608 (6) At the end of a fiscal year such amounts as required by
609 Section 27-103-203(1) to be transferred to the Education
610 Enhancement Fund shall be deposited into said Education
611 Enhancement Fund and shall be kept separate from other monies in
612 the fund by the State Treasurer. Beginning with the 1994 fiscal
613 year the monies in such special fund deposited pursuant to said
614 Section 27-103-203(1) shall be subject to appropriation by the
615 Legislature in the following manner: (a) fifty percent (50%) to
616 support public education, including but not limited to, Grades K
617 through 12, Mississippi Educational Television and/or the
618 Mississippi Library Commission; (b) twenty-five percent (25%) to
619 support institutions of higher learning; and (c) twenty-five
620 percent (25%) to support the junior or community colleges. Any
621 amount of such monies transferred into said separate fund pursuant
622 to Section 27-103-203(1) which are not appropriated by the
623 Legislature shall not lapse but shall carry over and be subject to
624 appropriation by the Legislature in the succeeding fiscal year in
625 the same manner provided in this subsection (6). The interest
626 earned on the investment of such monies transferred pursuant to
627 Section 27-103-203(1) shall be paid into said separate fund within
628 the Education Enhancement Fund.

629 SECTION 4. Section 37-61-35, Mississippi Code of 1972, is

630 amended as follows:[HS3]

631 37-61-35. There is hereby created a special fund in the
632 State Treasury to be designated School Ad Valorem Tax Reduction
633 Fund into which proceeds collected pursuant to Sections
634 27-65-75(7) and 27-67-31(a) shall be deposited. Beginning with
635 the 1994 state fiscal year, the entire amount of monies in such
636 special fund shall be appropriated annually to the State
637 Department of Education which shall distribute the appropriated
638 amount to the various school districts in the proportion that the
639 average daily attendance of each school district bears to the
640 average daily attendance of all school districts within the state.
641 On or before June 1, 1993, and on or before June 1 of each
642 succeeding year, the State Department of Education shall notify
643 each school district of the amount to which such district is
644 entitled pursuant to this section.

645 SECTION 5. This act shall take effect and be in force from
646 and after July 1, 2000.