

By: Representative Ishee

To: Ways and Means

## HOUSE BILL NO. 511

1 AN ACT TO AUTHORIZE THE GOVERNING AUTHORITIES OF ANY  
2 MUNICIPALITY TO IMPOSE A SPECIAL SALES TAX OF NOT MORE THAN ONE  
3 PERCENT ON THE GROSS PROCEEDS OF ALL SALES OR THE GROSS INCOME OF  
4 BUSINESSES IN THE MUNICIPALITY DERIVED FROM ACTIVITIES TAXED AT  
5 THE RATE OF SEVEN PERCENT OR MORE UNDER THE MISSISSIPPI SALES TAX  
6 LAW; TO PROVIDE THAT THE SPECIAL SALES TAX SHALL NOT BE LEVIED  
7 UNLESS AUTHORIZED BY AT LEAST THREE-FIFTHS OF THE VOTES CAST AT AN  
8 ELECTION CALLED AND HELD FOR SUCH PURPOSE; TO AUTHORIZE A  
9 MUNICIPALITY TO INCUR INDEBTEDNESS IN AN AMOUNT NOT GREATER THAN  
10 AN AMOUNT FOR WHICH DEBT SERVICE IS CAPABLE OF BEING FUNDED BY THE  
11 PROCEEDS OF THE SPECIAL SALES TAX; TO PROVIDE THAT THE SPECIAL  
12 SALES TAX REVENUE COLLECTED PURSUANT TO SUCH A TAX SHALL BE USED  
13 AND EXPENDED BY THE MUNICIPALITY ONLY TO FUND CERTAIN  
14 TRANSPORTATION INFRASTRUCTURE PROJECTS AND/OR OTHER CAPITAL  
15 PROJECTS; TO PROVIDE FOR THE DISCONTINUANCE OF THE SPECIAL SALES  
16 TAX UPON COMPLETION OF THE FUNDING OF THE TRANSPORTATION  
17 INFRASTRUCTURE PROJECTS AND/OR OTHER CAPITAL PROJECTS FOR WHICH  
18 THE TAX WAS LEVIED; TO AMEND SECTIONS 21-33-303 AND 27-65-75,  
19 MISSISSIPPI CODE OF 1972, IN CONFORMITY THERETO; AND FOR RELATED  
20 PURPOSES.

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

22 **SECTION 1.** The governing authorities of any municipality may  
23 impose upon all persons as a privilege for engaging or continuing  
24 in business or doing business within such municipality, a special  
25 sales tax at the rate of not more than one percent (1%) of the  
26 gross proceeds of sales or gross income of the business, as the  
27 case may be, derived from any of the activities taxed at the rate  
28 of seven percent (7%) or more under the Mississippi Sales Tax Law,  
29 Section 27-65-1 et seq., as provided hereinafter. The tax levied  
30 under this section shall apply to every person making sales,  
31 delivery or installations of tangible personal property or  
32 services within any municipality which has adopted the levy herein  
33 authorized but shall not apply to sales exempted by Sections  
34 27-65-19, 27-65-101, 27-65-103, 27-65-105, 27-65-107, 27-65-109  
35 and 27-65-111 of the Mississippi Sales Tax Law.

36           SECTION 2. (1) The governing authorities of the  
37 municipality shall specify in the resolution ordering the election  
38 required by subsection (2) of this section, the specific  
39 transportation infrastructure projects or other capital projects,  
40 or both, that the revenue collected pursuant to the tax levy may  
41 be used and expended to construct.

42           (2) The tax levy authorized herein shall not be made unless  
43 authorized by at least three-fifths (3/5) of the votes cast at an  
44 election to be called and held for that purpose. Notice of such  
45 election shall be given, the election shall be held and the result  
46 thereof determined, as far as is practicable, in the same manner  
47 as other elections are held in the municipality. At such  
48 election, all qualified electors of the municipality may vote.  
49 The ballots used at such election shall have printed thereon a  
50 brief description of the sales tax, the amount of the sales tax  
51 levy, a description of the specific transportation infrastructure  
52 projects or other capital projects, or both, for which the tax  
53 revenue may be used and expended and the words "FOR THE LOCAL  
54 SALES TAX" and "AGAINST THE LOCAL SALES TAX" and the voter shall  
55 vote by placing a cross (X) or check mark (✓) opposite his choice  
56 on the proposition. When the results of the election have been  
57 canvassed by the election commissioners of the municipality and  
58 certified by them to the governing authorities of the  
59 municipality, it shall be the duty of such governing authorities  
60 to determine and adjudicate whether at least three-fifths (3/5) of  
61 the qualified electors who voted in such election voted in favor  
62 of the tax. If the election results in favor of the levy, the  
63 governing authorities shall adopt a resolution declaring the levy  
64 and collection of the tax provided in Sections 1 through 3 of this  
65 act and shall set the first day of the second month following the  
66 date of such adoption as the effective date of the tax levy. A  
67 certified copy of this resolution together with the result of the

68 election shall be furnished to the State Tax Commission not less  
69 than thirty (30) days before the effective date of the levy.

70 **SECTION 3.** (1) The special sales tax authorized by Sections  
71 1 through 3 of this act shall be collected by the State Tax  
72 Commission, shall be accounted for separately from the amount of  
73 sales tax collected for the state in the municipality and shall be  
74 paid to the municipality in which collected. Payments to the  
75 municipalities shall be made by the State Tax Commission on or  
76 before the fifteenth day of the month following the month in which  
77 the tax was collected.

78 (2) The proceeds of the special sales tax shall be placed  
79 into a separate fund apart from the municipal general fund and any  
80 other funds of the municipality, and shall be expended by the  
81 municipality solely for the purpose of paying any indebtedness or  
82 other obligation the municipality may incur for the transportation  
83 infrastructure project or other capital projects, or both,  
84 specified in the resolution ordering the election.

85 (3) All provisions of the Mississippi Sales Tax Law  
86 applicable to filing of returns, discounts to the taxpayer,  
87 remittances to the State Tax Commission, enforced collection,  
88 rights of taxpayers, recovery of improper taxes, refunds of  
89 overpaid taxes or other provisions of law providing for imposition  
90 and collection of the state sales tax shall apply to the special  
91 sales tax authorized by Sections 1 through 3 of this act, except  
92 where there is a conflict, in which case the provisions of  
93 Sections 1 through 3 of this act shall control. Any damages,  
94 penalties or interest collected for the nonpayment of taxes  
95 imposed under Sections 1 through 3 of this act, or for  
96 noncompliance with the provisions of Sections 1 through 3 of this  
97 act, shall be paid to the municipality in which such damages,  
98 penalties or interest were collected on the same basis and in the  
99 same manner as the tax proceeds. Any overpayment of tax for any  
100 reason that has been disbursed to any municipality or any payment

101 of the tax to any municipality in error may be adjusted by the  
102 State Tax Commission on any subsequent payment to the municipality  
103 involved pursuant to the provisions of the Mississippi Sales Tax  
104 Law. The State Tax Commission may, from time to time, make such  
105 rules and regulations not inconsistent with Sections 1 through 3  
106 of this act as may be deemed necessary to carry out the provisions  
107 of Sections 1 through 3 of this act, and such rules and  
108 regulations shall have the full force and effect of law.

109 (4) The special sales tax shall be discontinued by the  
110 governing authorities of the municipality on the first day of the  
111 month immediately succeeding the date any indebtedness, including  
112 interest, incurred pursuant to Section 4 of this act is retired,  
113 or in the event the municipality incurs no indebtedness, the first  
114 day of the month after all obligations for the transportation  
115 infrastructure projects or other capital projects, or both, have  
116 been paid. Any amount remaining in the separate fund containing  
117 the proceeds of the special tax not necessary to retire the debt  
118 or pay any other obligations, shall be transferred to the  
119 municipal general fund.

120 **SECTION 4.** The governing authorities of any municipality  
121 that levies a special sales tax pursuant to Sections 1 through 3  
122 of this act may incur indebtedness of the municipality in an  
123 aggregate principal amount that is not in excess of an amount for  
124 which debt service is capable of being funded by the proceeds of  
125 the special sales tax levied pursuant to Sections 1 through 3 of  
126 this act. The indebtedness authorized by this section shall not  
127 be considered when computing any limitation of indebtedness of the  
128 municipality established by law.

129 **SECTION 5.** Section 21-33-303, Mississippi Code of 1972, is  
130 amended as follows:

131 21-33-303. No municipality shall hereafter issue bonds  
132 secured by a pledge of its full faith and credit for the purposes  
133 authorized by law in an amount which, when added to the then

134 outstanding bonded indebtedness of such municipality, shall exceed  
135 either (a) fifteen percent (15%) of the assessed value of the  
136 taxable property within such municipality, according to the last  
137 completed assessment for taxation, or (b) ten percent (10%) of the  
138 assessment upon which taxes were levied for its fiscal year ending  
139 September 30, 1984, whichever is greater. In computing such  
140 indebtedness, there may be deducted all bonds or other evidences  
141 of indebtedness, heretofore or hereafter issued, for school,  
142 water, sewerage systems, gas, and light and power purposes and for  
143 the construction of special improvements primarily chargeable to  
144 the property benefited, or for the purpose of paying the  
145 municipality's proportion of any betterment program, a portion of  
146 which is primarily chargeable to the property benefited. However,  
147 in no case shall any municipality contract any indebtedness which,  
148 when added to all of the outstanding general obligation  
149 indebtedness, both bonded and floating, shall exceed either (a)  
150 twenty percent (20%) of the assessed value of all taxable property  
151 within such municipality according to the last completed  
152 assessment for taxation or (b) fifteen percent (15%) of the  
153 assessment upon which taxes were levied for its fiscal year ending  
154 September 30, 1984, whichever is greater. Nothing herein  
155 contained shall be construed to apply to contract obligations in  
156 any form heretofore or hereafter incurred by any municipality  
157 which are subject to annual appropriations therefor, or to bonds  
158 heretofore issued by any municipality for school purposes, or to  
159 contract obligations in any form heretofore or hereafter incurred  
160 by any municipality which are payable exclusively from the  
161 revenues of any municipally owned utility, or to bonds issued by  
162 any municipality under the provisions of Sections 57-1-1 through  
163 57-1-51, or to any special assessment improvement bonds issued by  
164 any municipality under the provisions of Sections 21-41-1 through  
165 21-41-53, or to any indebtedness incurred under Section 55-23-8,

166 or to any indebtedness incurred under Section 4 of House Bill No.  
167 511, 2005 Regular Session.

168 All bonds issued prior to July 1, 1990, pursuant to this  
169 chapter by any municipality for the purpose of the constructing,  
170 replacing, renovating or improving wastewater collection and  
171 treatment facilities in order to comply with an administrative  
172 order of the Mississippi Department of Natural Resources issued  
173 pursuant to the Federal Water Pollution Control Act and amendments  
174 thereto, are hereby exempt from the limitation imposed by this  
175 section if the governing body of the municipality adopts an order,  
176 resolution or ordinance to the effect that the rates paid by the  
177 users of such facilities shall be increased to the extent  
178 necessary to provide sufficient funds for the payment of the  
179 principal of and interest on such bonds as each respectively  
180 becomes due and payable as well as the necessary expenses in  
181 connection with the operation and maintenance of such facilities.

182 **SECTION 6.** Section 27-65-75, Mississippi Code of 1972, is  
183 amended as follows:

184 27-65-75. On or before the fifteenth day of each month, the  
185 revenue collected under the provisions of this chapter during the  
186 preceding month shall be paid and distributed as follows:

187 (1) On or before August 15, 1992, and each succeeding month  
188 thereafter through July 15, 1993, eighteen percent (18%) of the  
189 total sales tax revenue collected during the preceding month under  
190 the provisions of this chapter, except that collected under the  
191 provisions of Sections 27-65-15, 27-65-19(3) and 27-65-21, on  
192 business activities within a municipal corporation shall be  
193 allocated for distribution to the municipality and paid to the  
194 municipal corporation. On or before August 15, 1993, and each  
195 succeeding month thereafter, eighteen and one-half percent  
196 (18-1/2%) of the total sales tax revenue collected during the  
197 preceding month under the provisions of this chapter, except that  
198 collected under the provisions of Sections 27-65-15, 27-65-19(3)

199 and 27-65-21, on business activities within a municipal  
200 corporation shall be allocated for distribution to the  
201 municipality and paid to the municipal corporation.

202 A municipal corporation, for the purpose of distributing the  
203 tax under this subsection, shall mean and include all incorporated  
204 cities, towns and villages.

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

211 In any county having a county seat that is not an  
212 incorporated municipality, the distribution provided under this  
213 subsection shall be made as though the county seat was an  
214 incorporated municipality; however, the distribution to the  
215 municipality shall be paid to the county treasury in which the  
216 municipality is located, and those funds shall be used for road,  
217 bridge and street construction or maintenance in the county.

218 (2) On or before September 15, 1987, and each succeeding  
219 month thereafter, from the revenue collected under this chapter  
220 during the preceding month One Million One Hundred Twenty-five  
221 Thousand Dollars (\$1,125,000.00) shall be allocated for  
222 distribution to municipal corporations as defined under subsection  
223 (1) of this section in the proportion that the number of gallons  
224 of gasoline and diesel fuel sold by distributors to consumers and  
225 retailers in each such municipality during the preceding fiscal  
226 year bears to the total gallons of gasoline and diesel fuel sold  
227 by distributors to consumers and retailers in municipalities  
228 statewide during the preceding fiscal year. The State Tax  
229 Commission shall require all distributors of gasoline and diesel  
230 fuel to report to the commission monthly the total number of  
231 gallons of gasoline and diesel fuel sold by them to consumers and

232 retailers in each municipality during the preceding month. The  
233 State Tax Commission shall have the authority to promulgate such  
234 rules and regulations as is necessary to determine the number of  
235 gallons of gasoline and diesel fuel sold by distributors to  
236 consumers and retailers in each municipality. In determining the  
237 percentage allocation of funds under this subsection for the  
238 fiscal year beginning July 1, 1987, and ending June 30, 1988, the  
239 State Tax Commission may consider gallons of gasoline and diesel  
240 fuel sold for a period of less than one (1) fiscal year. For the  
241 purposes of this subsection, the term "fiscal year" means the  
242 fiscal year beginning July 1 of a year.

243 (3) On or before September 15, 1987, and on or before the  
244 fifteenth day of each succeeding month, until the date specified  
245 in Section 65-39-35, the proceeds derived from contractors' taxes  
246 levied under Section 27-65-21 on contracts for the construction or  
247 reconstruction of highways designated under the highway program  
248 created under Section 65-3-97 shall, except as otherwise provided  
249 in Section 31-17-127, be deposited into the State Treasury to the  
250 credit of the State Highway Fund to be used to fund that highway  
251 program. The Mississippi Department of Transportation shall  
252 provide to the State Tax Commission such information as is  
253 necessary to determine the amount of proceeds to be distributed  
254 under this subsection.

255 (4) On or before August 15, 1994, and on or before the  
256 fifteenth day of each succeeding month through July 15, 1999, from  
257 the proceeds of gasoline, diesel fuel or kerosene taxes as  
258 provided in Section 27-5-101(a)(ii)1, Four Million Dollars  
259 (\$4,000,000.00) shall be deposited in the State Treasury to the  
260 credit of a special fund designated as the "State Aid Road Fund,"  
261 created by Section 65-9-17. On or before August 15, 1999, and on  
262 or before the fifteenth day of each succeeding month, from the  
263 total amount of the proceeds of gasoline, diesel fuel or kerosene  
264 taxes apportioned by Section 27-5-101(a)(ii)1, Four Million

265 Dollars (\$4,000,000.00) or an amount equal to twenty-three and  
266 one-fourth percent (23.25%) of those funds, whichever is the  
267 greater amount, shall be deposited in the State Treasury to the  
268 credit of the "State Aid Road Fund," created by Section 65-9-17.  
269 Those funds shall be pledged to pay the principal of and interest  
270 on state aid road bonds heretofore issued under Sections 19-9-51  
271 through 19-9-77, in lieu of and in substitution for the funds  
272 previously allocated to counties under this section. Those funds  
273 may not be pledged for the payment of any state aid road bonds  
274 issued after April 1, 1981; however, this prohibition against the  
275 pledging of any such funds for the payment of bonds shall not  
276 apply to any bonds for which intent to issue those bonds has been  
277 published, for the first time, as provided by law before March 29,  
278 1981. From the amount of taxes paid into the special fund under  
279 this subsection and subsection (9) of this section, there shall be  
280 first deducted and paid the amount necessary to pay the expenses  
281 of the Office of State Aid Road Construction, as authorized by the  
282 Legislature for all other general and special fund agencies. The  
283 remainder of the fund shall be allocated monthly to the several  
284 counties in accordance with the following formula:

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

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

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

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

298           The amount of funds allocated to any county under this  
299 subsection for any fiscal year after fiscal year 1994 shall not be  
300 less than the amount allocated to the county for fiscal year 1994.  
301 Monies allocated to a county from the State Aid Road Fund for  
302 fiscal year 1995 or any fiscal year thereafter that exceed the  
303 amount of funds allocated to that county from the State Aid Road  
304 Fund for fiscal year 1994, first must be expended by the county  
305 for replacement or rehabilitation of bridges on the state aid road  
306 system that have a sufficiency rating of less than twenty-five  
307 (25), according to National Bridge Inspection standards before  
308 the monies may be approved for expenditure by the State Aid Road  
309 Engineer on other projects that qualify for the use of state aid  
310 road funds.

311           Any reference in the general laws of this state or the  
312 Mississippi Code of 1972 to Section 27-5-105 shall mean and be  
313 construed to refer and apply to subsection (4) of Section  
314 27-65-75.

315           (5) One Million Six Hundred Sixty-six Thousand Six Hundred  
316 Sixty-six Dollars (\$1,666,666.00) each month shall be paid into  
317 the special fund known as the "State Public School Building Fund"  
318 created and existing under the provisions of Sections 37-47-1  
319 through 37-47-67. Those payments into that fund are to be made on  
320 the last day of each succeeding month hereafter.

321           (6) An amount each month beginning August 15, 1983, through  
322 November 15, 1986, as specified in Section 6 of Chapter 542, Laws  
323 of 1983, shall be paid into the special fund known as the  
324 Correctional Facilities Construction Fund created in Section 6 of  
325 Chapter 542, Laws of 1983.

326           (7) On or before August 15, 1992, and each succeeding month  
327 thereafter through July 15, 2000, two and two hundred sixty-six  
328 one-thousandths percent (2.266%) of the total sales tax revenue  
329 collected during the preceding month under the provisions of this  
330 chapter, except that collected under the provisions of Section

331 27-65-17(2) shall be deposited by the commission into the School  
332 Ad Valorem Tax Reduction Fund created under Section 37-61-35. On  
333 or before August 15, 2000, and each succeeding month thereafter,  
334 two and two hundred sixty-six one-thousandths percent (2.266%) of  
335 the total sales tax revenue collected during the preceding month  
336 under the provisions of this chapter, except that collected under  
337 the provisions of Section 27-65-17(2), shall be deposited into the  
338 School Ad Valorem Tax Reduction Fund created under Section  
339 37-61-35 until such time that the total amount deposited into the  
340 fund during a fiscal year equals Forty-two Million Dollars  
341 (\$42,000,000.00). Thereafter, the amounts diverted under this  
342 subsection (7) during the fiscal year in excess of Forty-two  
343 Million Dollars (\$42,000,000.00) shall be deposited into the  
344 Education Enhancement Fund created under Section 37-61-33 for  
345 appropriation by the Legislature as other education needs and  
346 shall not be subject to the percentage appropriation requirements  
347 set forth in Section 37-61-33.

348 (8) On or before August 15, 1992, and each succeeding month  
349 thereafter, nine and seventy-three one-thousandths percent  
350 (9.073%) of the total sales tax revenue collected during the  
351 preceding month under the provisions of this chapter, except that  
352 collected under the provisions of Section 27-65-17(2), shall be  
353 deposited into the Education Enhancement Fund created under  
354 Section 37-61-33.

355 (9) On or before August 15, 1994, and each succeeding month  
356 thereafter, from the revenue collected under this chapter during  
357 the preceding month, Two Hundred Fifty Thousand Dollars  
358 (\$250,000.00) shall be paid into the State Aid Road Fund.

359 (10) On or before August 15, 1994, and each succeeding month  
360 thereafter through August 15, 1995, from the revenue collected  
361 under this chapter during the preceding month, Two Million Dollars  
362 (\$2,000,000.00) shall be deposited into the Motor Vehicle Ad  
363 Valorem Tax Reduction Fund established in Section 27-51-105.

364           (11) Notwithstanding any other provision of this section to  
365 the contrary, on or before February 15, 1995, and each succeeding  
366 month thereafter, the sales tax revenue collected during the  
367 preceding month under the provisions of Section 27-65-17(2) and  
368 the corresponding levy in Section 27-65-23 on the rental or lease  
369 of private carriers of passengers and light carriers of property  
370 as defined in Section 27-51-101 shall be deposited, without  
371 diversion, into the Motor Vehicle Ad Valorem Tax Reduction Fund  
372 established in Section 27-51-105.

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

382           (13) On or before July 15, 1994, and on or before the  
383 fifteenth day of each succeeding month thereafter, that portion of  
384 the avails of the tax imposed in Section 27-65-22 that is derived  
385 from activities held on the Mississippi state fairgrounds complex,  
386 shall be paid into a special fund that is created in the State  
387 Treasury and shall be expended upon legislative appropriation  
388 solely to defray the costs of repairs and renovation at the Trade  
389 Mart and Coliseum.

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

397 (15) Notwithstanding any other provision of this section to  
398 the contrary, on or before September 15, 2000, and each succeeding  
399 month thereafter, the sales tax revenue collected during the  
400 preceding month under the provisions of Section 27-65-19(1)(f) and  
401 (g)(i)2, shall be deposited, without diversion, into the  
402 Telecommunications Ad Valorem Tax Reduction Fund established in  
403 Section 27-38-7.

404 (16) On or before August 15, 2000, and each succeeding month  
405 thereafter, the sales tax revenue collected during the preceding  
406 month under the provisions of this chapter on the gross proceeds  
407 of sales of a project as defined in Section 57-30-1 shall be  
408 deposited, after all diversions except the diversion provided for  
409 in subsection (1) of this section, into the Sales Tax Incentive  
410 Fund created in Section 57-30-3.

411 (17) Notwithstanding any other provision of this section to  
412 the contrary, on or before April 15, 2002, and each succeeding  
413 month thereafter, the sales tax revenue collected during the  
414 preceding month under Section 27-65-23 on sales of parking  
415 services of parking garages and lots at airports shall be  
416 deposited, without diversion, into the special fund created under  
417 Section 27-5-101(d).

418 (18) On or before August 15, 2005, and each succeeding month  
419 thereafter through July 15, 2006, from the sales tax revenue  
420 collected during the preceding month under the provisions of this  
421 chapter, Two Million Five Hundred Thousand Dollars (\$2,500,000.00)  
422 shall be deposited into the Special Funds Transfer Fund created in  
423 Section 4 of Chapter 556, Laws of 2003.

424 (19) Notwithstanding any other provision of this section to  
425 the contrary, the revenue collected from the special sales tax  
426 authorized under Sections 1 through 3 of House Bill No. 511, 2005  
427 Regular Session, shall be allocated for distribution and  
428 distributed as provided in Section 3 of House Bill No. 511, 2005  
429 Regular Session.

430       (20) The remainder of the amounts collected under the  
431 provisions of this chapter shall be paid into the State Treasury  
432 to the credit of the General Fund.

433       (21) It shall be the duty of the municipal officials of any  
434 municipality that expands its limits, or of any community that  
435 incorporates as a municipality, to notify the commissioner of  
436 that action thirty (30) days before the effective date. Failure  
437 to so notify the commissioner shall cause the municipality to  
438 forfeit the revenue that it would have been entitled to receive  
439 during this period of time when the commissioner had no knowledge  
440 of the action. If any funds have been erroneously disbursed to  
441 any municipality or any overpayment of tax is recovered by the  
442 taxpayer, the commissioner may make correction and adjust the  
443 error or overpayment with the municipality by withholding the  
444 necessary funds from any later payment to be made to the  
445 municipality.

446       **SECTION 7.** The Attorney General of the State of Mississippi  
447 shall submit this act, immediately upon approval by the Governor  
448 or upon approval by the Legislature subsequent to a veto, to the  
449 Attorney General of the United States or to the United States  
450 District Court for the District of Columbia in accordance with the  
451 provisions of the Voting Rights Act of 1965, as amended and  
452 extended.

453       **SECTION 8.** This act shall take effect and be in force from  
454 and after the date it is effectuated under Section 5 of the Voting  
455 Rights Act of 1965, as amended and extended.