

By: Representatives Formby, Barnett,
Beckett, Bondurant, Carlton, Chism, Davis,
Denny, Ellington, Fillingane, Gregory, Guice,
Howell, Moore, Smith (39th), Snowden,
Staples, Upshaw, Wells-Smith

To: Ways and Means

HOUSE BILL NO. 1219

1 AN ACT TO AMEND SECTION 27-65-75, MISSISSIPPI CODE OF 1972,
2 TO INCREASE FROM EIGHTEEN AND ONE-HALF TO TWENTY-ONE THE
3 PERCENTAGE OF TOTAL SALES TAX REVENUE COLLECTED IN THE STATE THAT
4 IS DIVERTED TO MUNICIPALITIES WITHIN THE STATE; TO PROVIDE THAT
5 FIVE PERCENT OF THE TOTAL SALES TAX REVENUE COLLECTED OUTSIDE THE
6 MUNICIPALITIES IN A COUNTY SHALL BE DIVERTED AND PAID TO THE
7 COUNTY; AND FOR RELATED PURPOSES.

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

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

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

14 (1) On or before August 15, 1992, and each succeeding month
15 thereafter through July 15, 1993, eighteen percent (18%) of the
16 total sales tax revenue collected during the preceding month under
17 the provisions of this chapter, except that collected under the
18 provisions of Sections 27-65-15, 27-65-19(3) and 27-65-21, on
19 business activities within a municipal corporation shall be
20 allocated for distribution to the municipality and paid to the
21 municipal corporation. On or before August 15, 1993, and each
22 succeeding month thereafter through July 15, 2006, eighteen and
23 one-half percent (18-1/2%) of the total sales tax revenue
24 collected during the preceding month under the provisions of this
25 chapter, except that collected under the provisions of Sections
26 27-65-15, 27-65-19(3) and 27-65-21, on business activities within
27 a municipal corporation shall be allocated for distribution to the
28 municipality and paid to the municipal corporation. On or before
29 August 15, 2006, and each succeeding month thereafter, and

30 twenty-one percent (21%) of the total sales tax revenue collected
31 during the preceding month under the provisions of this chapter,
32 except that collected under the provisions of Sections 27-65-15,
33 27-65-19(3) and 27-65-21, on business activities within a
34 municipal corporation shall be allocated for distribution to the
35 municipality and paid to the 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 a
41 loan if the distribution received by the municipal corporation is
42 otherwise authorized or required by law to be pledged as security
43 for such a loan.

44 In any county having a county seat that is not an
45 incorporated municipality, the distribution provided under this
46 subsection shall be made as though the county seat was an
47 incorporated municipality; however, the distribution to the
48 municipality shall be paid to the county treasury in which the
49 municipality is located, and those funds shall be used for road,
50 bridge and street construction or maintenance in the county.

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

63 fuel to report to the commission monthly the total number of
64 gallons of gasoline and diesel fuel sold by them to consumers and
65 retailers in each municipality during the preceding month. The
66 State Tax Commission shall have the authority to promulgate such
67 rules and regulations as is necessary to determine the number of
68 gallons of gasoline and diesel fuel sold by distributors to
69 consumers and retailers in each municipality. In determining the
70 percentage allocation of funds under this subsection for the
71 fiscal year beginning July 1, 1987, and ending June 30, 1988, the
72 State Tax Commission may consider gallons of gasoline and diesel
73 fuel sold for a period of less than one (1) fiscal year. For the
74 purposes of this subsection, the term "fiscal year" means the
75 fiscal year beginning July 1 of a year.

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

88 (4) On or before August 15, 1994, and on or before the
89 fifteenth day of each succeeding month through July 15, 1999, from
90 the proceeds of gasoline, diesel fuel or kerosene taxes as
91 provided in Section 27-5-101(a)(ii)1, Four Million Dollars
92 (\$4,000,000.00) shall be deposited in the State Treasury to the
93 credit of a special fund designated as the "State Aid Road Fund,"
94 created by Section 65-9-17. On or before August 15, 1999, and on
95 or before the fifteenth day of each succeeding month, from the

96 total amount of the proceeds of gasoline, diesel fuel or kerosene
97 taxes apportioned by Section 27-5-101(a)(ii)1, Four Million
98 Dollars (\$4,000,000.00) or an amount equal to twenty-three and
99 one-fourth percent (23-1/4%) of those funds, whichever is the
100 greater amount, shall be deposited in the State Treasury to the
101 credit of the "State Aid Road Fund," created by Section 65-9-17.
102 Those funds shall be pledged to pay the principal of and interest
103 on state aid road bonds heretofore issued under Sections 19-9-51
104 through 19-9-77, in lieu of and in substitution for the funds
105 previously allocated to counties under this section. Those funds
106 may not be pledged for the payment of any state aid road bonds
107 issued after April 1, 1981; however, this prohibition against the
108 pledging of any such funds for the payment of bonds shall not
109 apply to any bonds for which intent to issue those bonds has been
110 published, for the first time, as provided by law before March 29,
111 1981. From the amount of taxes paid into the special fund under
112 this subsection and subsection (9) of this section, there shall be
113 first deducted and paid the amount necessary to pay the expenses
114 of the Office of State Aid Road Construction, as authorized by the
115 Legislature for all other general and special fund agencies. The
116 remainder of the fund shall be allocated monthly to the several
117 counties in accordance with the following formula:

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

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

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

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

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

134 Any reference in the general laws of this state or the
135 Mississippi Code of 1972 to Section 27-5-105 shall mean and be
136 construed to refer and apply to subsection (4) of Section
137 27-65-75.

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

144 (6) An amount each month beginning August 15, 1983, through
145 November 15, 1986, as specified in Section 6 of Chapter 542, Laws
146 of 1983, shall be paid into the special fund known as the
147 Correctional Facilities Construction Fund created in Section 6 of
148 Chapter 542, Laws of 1983.

149 (7) On or before August 15, 1992, and each succeeding month
150 thereafter through July 15, 2000, two and two hundred sixty-six
151 one-thousandths percent (2.266%) of the total sales tax revenue
152 collected during the preceding month under the provisions of this
153 chapter, except that collected under the provisions of Section
154 27-65-17(2) shall be deposited by the commission into the School
155 Ad Valorem Tax Reduction Fund created under Section 37-61-35. On
156 or before August 15, 2000, and each succeeding month thereafter,
157 two and two hundred sixty-six one-thousandths percent (2.266%) of
158 the total sales tax revenue collected during the preceding month
159 under the provisions of this chapter, except that collected under
160 the provisions of Section 27-65-17(2), shall be deposited into the

161 School Ad Valorem Tax Reduction Fund created under Section
162 37-61-35 until such time that the total amount deposited into the
163 fund during a fiscal year equals Forty-two Million Dollars
164 (\$42,000,000.00). Thereafter, the amounts diverted under this
165 subsection (7) during the fiscal year in excess of Forty-two
166 Million Dollars (\$42,000,000.00) shall be deposited into the
167 Education Enhancement Fund created under Section 37-61-33 for
168 appropriation by the Legislature as other education needs and
169 shall not be subject to the percentage appropriation requirements
170 set forth in Section 37-61-33.

171 (8) On or before August 15, 1992, and each succeeding month
172 thereafter, nine and seventy-three one-thousandths percent
173 (9.073%) of the total sales tax revenue collected during the
174 preceding month under the provisions of this chapter, except that
175 collected under the provisions of Section 27-65-17(2), shall be
176 deposited into the Education Enhancement Fund created under
177 Section 37-61-33.

178 (9) On or before August 15, 1994, and each succeeding month
179 thereafter, from the revenue collected under this chapter during
180 the preceding month, Two Hundred Fifty Thousand Dollars
181 (\$250,000.00) shall be paid into the State Aid Road Fund.

182 (10) On or before August 15, 1994, and each succeeding month
183 thereafter through August 15, 1995, from the revenue collected
184 under this chapter during the preceding month, Two Million Dollars
185 (\$2,000,000.00) shall be deposited into the Motor Vehicle Ad
186 Valorem Tax Reduction Fund established in Section 27-51-105.

187 (11) Notwithstanding any other provision of this section to
188 the contrary, on or before February 15, 1995, and each succeeding
189 month thereafter, the sales tax revenue collected during the
190 preceding month under the provisions of Section 27-65-17(2) and
191 the corresponding levy in Section 27-65-23 on the rental or lease
192 of private carriers of passengers and light carriers of property
193 as defined in Section 27-51-101 shall be deposited, without

194 diversion, into the Motor Vehicle Ad Valorem Tax Reduction Fund
195 established in Section 27-51-105.

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

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

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

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

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

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

241 (18) On or before August 15, 2007, and each succeeding month
242 thereafter through July 15, 2008, from the sales tax revenue
243 collected during the preceding month under the provisions of this
244 chapter, Two Million Five Hundred Thousand Dollars (\$2,500,000.00)
245 shall be deposited into the Special Funds Transfer Fund created in
246 Section 4 of Chapter 556, Laws of 2003.

247 (19) (a) On or before August 15, 2005, and each succeeding
248 month thereafter, the sales tax revenue collected during the
249 preceding month under the provisions of this chapter on the gross
250 proceeds of sales of a business enterprise located within a
251 redevelopment project area under the provisions of Sections
252 57-91-1 through 57-91-11, and the revenue collected on the gross
253 proceeds of sales from sales made to a business enterprise located
254 in a redevelopment project area under the provisions of Sections
255 57-91-1 through 57-91-11 (provided that such sales made to a
256 business enterprise are made on the premises of the business
257 enterprise), shall, except as otherwise provided in this
258 subsection (19), be deposited, after all diversions, into the

259 Redevelopment Project Incentive Fund as created in Section
260 57-91-9.

261 (b) For a municipality participating in the Economic
262 Redevelopment Act created in Sections 57-91-1 through 57-91-11,
263 the diversion provided for in subsection (1) of this section
264 attributable to the gross proceeds of sales of a business
265 enterprise located within a redevelopment project area under the
266 provisions of Sections 57-91-1 through 57-91-11, and attributable
267 to the gross proceeds of sales from sales made to a business
268 enterprise located in a redevelopment project area under the
269 provisions of Sections 57-91-1 through 57-91-11 (provided that
270 such sales made to a business enterprise are made on the premises
271 of the business enterprise), shall be deposited into the
272 Redevelopment Project Incentive Fund as created in Section
273 57-91-9, as follows:

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

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

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

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

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

293 (20) After making the diversions specified in this section,
294 the remainder of the amounts collected under the provisions of
295 this chapter shall be paid into the State Treasury to the credit
296 of the General Fund.

297 (21) It shall be the duty of the municipal officials of any
298 municipality that expands its limits, or of any community that
299 incorporates as a municipality, to notify the commissioner of that
300 action thirty (30) days before the effective date. Failure to so
301 notify the commissioner shall cause the municipality to forfeit
302 the revenue that it would have been entitled to receive during
303 this period of time when the commissioner had no knowledge of the
304 action. If any funds have been erroneously disbursed to any
305 municipality or any overpayment of tax is recovered by the
306 taxpayer, the commissioner may make correction and adjust the
307 error or overpayment with the municipality by withholding the
308 necessary funds from any later payment to be made to the
309 municipality.

310 (22) On or before August 15, 2006, and each succeeding month
311 thereafter, five percent (5%) of the total sales tax revenue
312 collected during the preceding month under the provisions of this
313 chapter, except that collected under the provisions of Sections
314 27-65-15, 27-65-19(3) and 27-65-21, on those business activities
315 within a county that occur outside of the municipalities of the
316 county shall be allocated for distribution to the county and paid
317 to the county.

318 **SECTION 2.** This act shall take effect and be in force from
319 and after July 1, 2006.