

By: Representative Peranich

To: Tourism; Ways and Means

COMMITTEE SUBSTITUTE
FOR
HOUSE BILL NO. 1250

1 AN ACT TO PROVIDE AN INCENTIVE FOR PERSONS, CORPORATIONS OR
2 OTHER ENTITIES THAT MAKE CAPITAL INVESTMENTS TO LOCATE CERTAIN
3 TOURISM-ORIENTED ENTERPRISES IN THIS STATE; TO CREATE THE TOURISM
4 SALES TAX INCENTIVE FUND; TO AUTHORIZE INCENTIVE PAYMENTS FROM
5 SUCH FUND TO PERSONS, CORPORATIONS OR OTHER ENTITIES THAT MAKE
6 CAPITAL INVESTMENTS TO LOCATE CERTAIN TOURISM-ORIENTED ENTERPRISES
7 IN THIS STATE; TO AUTHORIZE THE MISSISSIPPI DEVELOPMENT AUTHORITY
8 TO DEVELOP A PROGRAM TO ADMINISTER THE TOURISM INCENTIVE PROGRAM
9 AUTHORIZED BY THIS ACT; TO CREATE THE TOURISM INCENTIVE PROGRAM;
10 TO AMEND SECTION 27-65-75, MISSISSIPPI CODE OF 1972, TO CONFORM TO
11 THE PROVISIONS OF THIS ACT; AND FOR RELATED PURPOSES.

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

13 **SECTION 1.** As used in Sections 1 and 2 of this act, the
14 following terms and phrases shall have the meanings ascribed in
15 this section unless the context clearly indicates otherwise:

16 (a) "Approved capital costs" means any or all of the
17 following:

18 (i) Obligations incurred for labor and materials
19 in connection with the acquisition, construction, installation,
20 equipping, and rehabilitation of a project and all related costs
21 thereto;

22 (ii) The costs of acquiring land or rights in land
23 and any cost incidental thereto;

24 (iii) All costs of reasonable architectural and
25 engineering services, including test borings, surveys, estimates,
26 plans and specifications, preliminary investigations, and
27 supervision of construction, as well as for the performance of all
28 the duties required by or consequent to the acquisition,
29 construction, installation, equipping, and rehabilitation of a
30 project;

31 (iv) All costs which shall be required to be paid
32 under the terms of any contract or contracts for the acquisition,
33 construction, installation, equipping, and rehabilitation of a
34 project; and

35 (v) All other costs of a nature comparable to
36 those described above.

37 Approved capital costs does not mean working capital,
38 marketing expense, inventory and other soft cost as determined by
39 the MDA.

40 (b) "Approved participant" means a person, corporation,
41 or other entity issued a certificate by the MDA under Section 2 of
42 this act.

43 (c) "Certificate" means a Certificate of Public
44 Convenience and Necessity authorized to be issued by the MDA
45 pursuant to Sections 1 and 2 of this act.

46 (d) "MDA" means the Mississippi Development Authority.

47 (e) "Project" means any of the following:

48 (i) A tourist-oriented enterprise as herein
49 specified or as designated by the MDA, with an initial capital
50 investment of not less than Ten Million Dollars (\$10,000,000.00)
51 from federal, local and/or private sources if located in a county
52 in a Tier One area as designated under Section 57-73-21, or, with
53 an initial capital investment of not less than Five Million
54 Dollars (\$5,000,000.00) from federal, local and/or private sources
55 if located in a county in a Tier Two area or Tier Three area as
56 designated in Section 57-73-21. Whether a county is in a Tier One
57 area, Tier Two area or Tier Three area shall be determined by the
58 classification of the area at the time the initial investment is
59 made;

60 (ii) Future project expansions or complementary or
61 ancillary projects and facilities (provided such ancillary
62 projects and facilities are owned by the owner of the
63 tourist-oriented enterprise) meeting the same criteria for a

64 project, as defined herein, which are contiguous to the original
65 project site or within a designated development district created
66 by a unit of local government and owned by the owner of the
67 initial project, or its successor in interest, and which project
68 additions and expansions must also meet all other criteria of a
69 qualifying project. However, capital investment in any ancillary
70 project or facility described in this paragraph (e)(ii) shall not
71 be included in determining whether the capital investment
72 requirements of paragraph (e)(i) are satisfied; or

73 (iii) A cultural or historical site, a recreation
74 or entertainment facility, or a facility that creates a natural
75 phenomenon or scenic beauty as determined by the MDA.

76 In addition, in order for a project to qualify under the
77 provisions of Sections 1 and 2 of this act, it shall, at a
78 minimum, have a positive economic impact on the state and the
79 increased tax revenues and economic benefits derived from the
80 project will exceed the tax incentives granted to the approved
81 participant pursuant to this act.

82 The term "project" does not mean any of the following: (a)
83 any business, corporation or entity having a gaming license issued
84 under Section 75-76-1 et seq., Mississippi Code of 1972, but may
85 include a tourism-oriented facility owned by such a business,
86 corporation or entity that is in excess of development that the
87 State Gaming Commission requires for the issuance or renewal of a
88 gaming license; or (b) except for a project promoting or otherwise
89 marketing and selling crafts and products made in the state or a
90 project with an aggregate capital investment from all private
91 sources in excess of One Hundred Million Dollars
92 (\$100,000,000.00), facilities that are (i) primarily devoted to
93 the retail sale of merchandise in which retail sales exceed
94 twenty-five percent (25%) of the total sales of the facility, or
95 (ii) tourism-oriented facilities out of which the retail sale of

96 merchandise exceeds twenty-five percent (25%) of total sales of
97 the facility or the attraction.

98 (f) "State" means the State of Mississippi.

99 (g) "Unit of local government" means any city, county
100 or other public entity created by statute.

101 **SECTION 2.** (1) The MDA shall develop, implement and
102 administer the program authorized in Sections 1 and 2 of this act
103 and shall adopt rules and regulations necessary for the
104 development, implementation and administration of the program.

105 (2) Any person, corporation or other entity desiring to
106 participate in the incentive program authorized by Sections 1 and
107 2 of this act must pay a nonrefundable application fee of Ten
108 Thousand Dollars (\$10,000.00), for a project located in a Tier One
109 area, or Five Thousand Dollars (\$5,000.00), for a project located
110 in a Tier Two or Tier Three area, to the MDA which shall be used,
111 without appropriation from the Legislature, by the MDA to offset
112 administrative costs and then shall submit an application,
113 hereinafter described, to the MDA. Such application must contain
114 (a) plans for the proposed project; (b) a detailed description of
115 the proposed project and its site; (c) a project budget including
116 capital and other anticipated expenditures for the project that
117 indicates that the total cost of the project shall achieve or
118 exceed the investment threshold and the anticipated sources of
119 funding the costs of the project; (d) marketing plans for the
120 project; (e) the anticipated employment and wages to be paid at
121 the project; (f) business plans describing the operation of the
122 project, including the anticipated revenues and expenses generated
123 by the project; (g) financial information regarding the applicant
124 as may be requested by the MDA to demonstrate that the applicant
125 has the financial resources to construct and operate the project;
126 (h) resumes of applicants and of its senior staff as may be
127 requested by the MDA to demonstrate that the applicant has the
128 required experience to construct and operate the project; and (i)

129 any other information required by the MDA that would
130 satisfactorily demonstrate that the project meets all specified
131 criteria prescribed and approved by the MDA.

132 (3) If the MDA determines that the applicant and the project
133 reasonably satisfy the criteria for approval as described in
134 Sections 1 and 2 of this act, the MDA may issue a preliminary
135 approval of the project.

136 (4) After issuing the preliminary approval, the MDA shall
137 engage the services of an institution of higher learning in the
138 state to analyze the data made available by the applicant and to
139 collect and analyze additional information necessary to determine
140 that, in the independent judgment of the institution of higher
141 learning, the tourism project: (a) shall have capital
142 expenditures in excess of the minimum requirements set forth
143 herein; (b) shall have a positive economic impact on the state;
144 (c) will not occur if not for the designation of the project and
145 granting of incentives by the state to the project; and (d)
146 complies with the rules and regulations and minimum requirements
147 adopted by the MDA.

148 The institution of higher learning shall consult with MDA
149 staff and shall agree as to methodology to be used and assumptions
150 to be made in preparing its report, and upon completion of such
151 analysis, shall provide the MDA staff a written report of its
152 findings. Approval shall not be granted if it is determined that
153 there is no projected net positive economic impact to the state.

154 The applicant shall pay for the cost of the institution of
155 higher learning's report, shall cooperate with the institution of
156 higher learning, and shall provide all of the data that the
157 institution of higher learning deems necessary to make its
158 determination under this subsection.

159 (5) After a review of relevant materials, the institution of
160 higher learning's report, and completion of other inquiries, MDA
161 may issue its certificate approving the project, setting forth the

162 terms and conditions under which the project is approved and the
163 extent to which the incentives provided for herein may be used. A
164 copy of each certificate issued by the MDA shall be sent to the
165 State Tax Commission.

166 (6) (a) There is created in the State Treasury a special
167 fund to be known as the "Tourism Sales Tax Incentive Fund," into
168 which shall be deposited such money as provided in Section
169 27-65-75(20). The monies in the fund shall be used for the
170 purpose of making the incentive payments authorized in this
171 section. The fund shall be administered by the MDA. Unexpended
172 amounts remaining in the fund at the end of a fiscal year shall
173 not lapse into the General Fund, and any interest earned on or
174 investment earnings on the amounts in the fund shall be deposited
175 to the credit of the fund. MDA may use not more than one percent
176 (1%) of interest earned or investment earnings, or both, on
177 amounts in the fund for administration and management of the
178 incentive program. Any funds used by MDA under this subsection
179 shall be in addition to any funds made available to MDA under
180 Section 2(2) of this act.

181 (b) Incentive payments may be made by the MDA to an
182 approved participant that incurs approved costs to locate an
183 approved project in the state. The payments to an approved
184 participant shall be for the amount of sales tax revenue collected
185 on the gross proceeds of sales generated by the project, after
186 making the diversions required in Section 27-65-75. The incentive
187 payments shall decrease at the rate of ten percent (10%) per year
188 starting the sixth year. The MDA shall ensure that payments made
189 pursuant to this section are utilized to pay the debt service
190 incurred by the approved participant for the project or any
191 approved cost incurred by the approved participant for the project
192 as set forth in the certificates issued by the MDA. The MDA shall
193 make payments to an approved participant on a semiannual basis
194 with payments being made in the months of January and July. The

195 aggregate amount that an approved participant may receive shall
196 not exceed thirty-five percent (35%) of the original capital
197 costs, funded from private sources, incurred for the project by
198 such approved participant. The MDA shall make the calculations
199 necessary to make the payments provided for in this section. The
200 MDA shall cease making incentive payments to an approved
201 participant upon the occurrence of the earlier of (i) the date
202 thirty-five percent (35%) of the original indebtedness, or any
203 refinancing of the original indebtedness, incurred for the project
204 or original project capital cost incurred for the project from
205 private sources, or both, as set forth in the certificate issued
206 by the MDA is satisfied; (ii) ten (10) years from the date the
207 original indebtedness for the project was incurred, without regard
208 to any refinancing or additional financing for any addition to or
209 expansion of the project; (iii) any violation of the terms and
210 provisions of the certificate or any agreement arising out of the
211 certificate; (iv) the project ceases operations for a continuous
212 period of ninety (90) days or more (except for seasonal projects
213 or an act of God); or (v) the project or approved applicant is
214 involved in any state or federal bankruptcy proceedings not
215 discharged within ninety (90) days.

216 (7) At such time as payments are no longer required to be
217 made to an approved participant, the MDA shall notify the State
218 Tax Commission and the sales tax revenue collected from such
219 project shall no longer be deposited into the Tourism Sales Tax
220 Incentive Fund, and any amounts remaining in the fund that were
221 collected from such participant shall be transferred to the State
222 General Fund.

223 **SECTION 3.** Section 27-65-75, Mississippi Code of 1972, is
224 amended as follows:

225 27-65-75. On or before the fifteenth day of each month, the
226 revenue collected under the provisions of this chapter during the
227 preceding month shall be paid and distributed as follows:

228 (1) On or before August 15, 1992, and each succeeding month
229 thereafter through July 15, 1993, eighteen percent (18%) of the
230 total sales tax revenue collected during the preceding month under
231 the provisions of this chapter, except that collected under the
232 provisions of Sections 27-65-15, 27-65-19(3) and 27-65-21, on
233 business activities within a municipal corporation shall be
234 allocated for distribution to the municipality and paid to the
235 municipal corporation. On or before August 15, 1993, and each
236 succeeding month thereafter, eighteen and one-half percent
237 (18-1/2%) of the total sales tax revenue collected during the
238 preceding month under the provisions of this chapter, except that
239 collected under the provisions of Sections 27-65-15, 27-65-19(3)
240 and 27-65-21, on business activities within a municipal
241 corporation shall be allocated for distribution to the
242 municipality and paid to the municipal corporation.

243 A municipal corporation, for the purpose of distributing the
244 tax under this subsection, shall mean and include all incorporated
245 cities, towns and villages.

246 Monies allocated for distribution and credited to a municipal
247 corporation under this subsection may be pledged as security for a
248 loan if the distribution received by the municipal corporation is
249 otherwise authorized or required by law to be pledged as security
250 for such a loan.

251 In any county having a county seat that is not an
252 incorporated municipality, the distribution provided under this
253 subsection shall be made as though the county seat was an
254 incorporated municipality; however, the distribution to the
255 municipality shall be paid to the county treasury in which the
256 municipality is located, and those funds shall be used for road,
257 bridge and street construction or maintenance in the county.

258 (2) On or before September 15, 1987, and each succeeding
259 month thereafter, from the revenue collected under this chapter
260 during the preceding month, One Million One Hundred Twenty-five

261 Thousand Dollars (\$1,125,000.00) shall be allocated for
262 distribution to municipal corporations as defined under subsection
263 (1) of this section in the proportion that the number of gallons
264 of gasoline and diesel fuel sold by distributors to consumers and
265 retailers in each such municipality during the preceding fiscal
266 year bears to the total gallons of gasoline and diesel fuel sold
267 by distributors to consumers and retailers in municipalities
268 statewide during the preceding fiscal year. The State Tax
269 Commission shall require all distributors of gasoline and diesel
270 fuel to report to the commission monthly the total number of
271 gallons of gasoline and diesel fuel sold by them to consumers and
272 retailers in each municipality during the preceding month. The
273 State Tax Commission shall have the authority to promulgate such
274 rules and regulations as is necessary to determine the number of
275 gallons of gasoline and diesel fuel sold by distributors to
276 consumers and retailers in each municipality. In determining the
277 percentage allocation of funds under this subsection for the
278 fiscal year beginning July 1, 1987, and ending June 30, 1988, the
279 State Tax Commission may consider gallons of gasoline and diesel
280 fuel sold for a period of less than one (1) fiscal year. For the
281 purposes of this subsection, the term "fiscal year" means the
282 fiscal year beginning July 1 of a year.

283 (3) On or before September 15, 1987, and on or before the
284 fifteenth day of each succeeding month, until the date specified
285 in Section 65-39-35, the proceeds derived from contractors' taxes
286 levied under Section 27-65-21 on contracts for the construction or
287 reconstruction of highways designated under the highway program
288 created under Section 65-3-97 shall, except as otherwise provided
289 in Section 31-17-127, be deposited into the State Treasury to the
290 credit of the State Highway Fund to be used to fund that highway
291 program. The Mississippi Department of Transportation shall
292 provide to the State Tax Commission such information as is

293 necessary to determine the amount of proceeds to be distributed
294 under this subsection.

295 (4) On or before August 15, 1994, and on or before the
296 fifteenth day of each succeeding month through July 15, 1999, from
297 the proceeds of gasoline, diesel fuel or kerosene taxes as
298 provided in Section 27-5-101(a)(ii)1, Four Million Dollars
299 (\$4,000,000.00) shall be deposited in the State Treasury to the
300 credit of a special fund designated as the "State Aid Road Fund,"
301 created by Section 65-9-17. On or before August 15, 1999, and on
302 or before the fifteenth day of each succeeding month, from the
303 total amount of the proceeds of gasoline, diesel fuel or kerosene
304 taxes apportioned by Section 27-5-101(a)(ii)1, Four Million
305 Dollars (\$4,000,000.00) or an amount equal to twenty-three and
306 one-fourth percent (23-1/4%) of those funds, whichever is the
307 greater amount, shall be deposited in the State Treasury to the
308 credit of the "State Aid Road Fund," created by Section 65-9-17.
309 Those funds shall be pledged to pay the principal of and interest
310 on state aid road bonds heretofore issued under Sections 19-9-51
311 through 19-9-77, in lieu of and in substitution for the funds
312 previously allocated to counties under this section. Those funds
313 may not be pledged for the payment of any state aid road bonds
314 issued after April 1, 1981; however, this prohibition against the
315 pledging of any such funds for the payment of bonds shall not
316 apply to any bonds for which intent to issue those bonds has been
317 published, for the first time, as provided by law before March 29,
318 1981. From the amount of taxes paid into the special fund under
319 this subsection and subsection (9) of this section, there shall be
320 first deducted and paid the amount necessary to pay the expenses
321 of the Office of State Aid Road Construction, as authorized by the
322 Legislature for all other general and special fund agencies. The
323 remainder of the fund shall be allocated monthly to the several
324 counties in accordance with the following formula:

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

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

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

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

338 The amount of funds allocated to any county under this
339 subsection for any fiscal year after fiscal year 1994 shall not be
340 less than the amount allocated to the county for fiscal year 1994.

341 Any reference in the general laws of this state or the
342 Mississippi Code of 1972 to Section 27-5-105 shall mean and be
343 construed to refer and apply to subsection (4) of Section
344 27-65-75.

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

351 (6) An amount each month beginning August 15, 1983, through
352 November 15, 1986, as specified in Section 6 of Chapter 542, Laws
353 of 1983, shall be paid into the special fund known as the
354 Correctional Facilities Construction Fund created in Section 6 of
355 Chapter 542, Laws of 1983.

356 (7) On or before August 15, 1992, and each succeeding month
357 thereafter through July 15, 2000, two and two hundred sixty-six

358 one-thousandths percent (2.266%) of the total sales tax revenue
359 collected during the preceding month under the provisions of this
360 chapter, except that collected under the provisions of Section
361 27-65-17(2) shall be deposited by the commission into the School
362 Ad Valorem Tax Reduction Fund created under Section 37-61-35. On
363 or before August 15, 2000, and each succeeding month thereafter,
364 two and two hundred sixty-six one-thousandths percent (2.266%) of
365 the total sales tax revenue collected during the preceding month
366 under the provisions of this chapter, except that collected under
367 the provisions of Section 27-65-17(2), shall be deposited into the
368 School Ad Valorem Tax Reduction Fund created under Section
369 37-61-35 until such time that the total amount deposited into the
370 fund during a fiscal year equals Forty-two Million Dollars
371 (\$42,000,000.00). Thereafter, the amounts diverted under this
372 subsection (7) during the fiscal year in excess of Forty-two
373 Million Dollars (\$42,000,000.00) shall be deposited into the
374 Education Enhancement Fund created under Section 37-61-33 for
375 appropriation by the Legislature as other education needs and
376 shall not be subject to the percentage appropriation requirements
377 set forth in Section 37-61-33.

378 (8) On or before August 15, 1992, and each succeeding month
379 thereafter, nine and seventy-three one-thousandths percent
380 (9.073%) of the total sales tax revenue collected during the
381 preceding month under the provisions of this chapter, except that
382 collected under the provisions of Section 27-65-17(2), shall be
383 deposited into the Education Enhancement Fund created under
384 Section 37-61-33.

385 (9) On or before August 15, 1994, and each succeeding month
386 thereafter, from the revenue collected under this chapter during
387 the preceding month, Two Hundred Fifty Thousand Dollars
388 (\$250,000.00) shall be paid into the State Aid Road Fund.

389 (10) On or before August 15, 1994, and each succeeding month
390 thereafter through August 15, 1995, from the revenue collected

391 under this chapter during the preceding month, Two Million Dollars
392 (\$2,000,000.00) shall be deposited into the Motor Vehicle Ad
393 Valorem Tax Reduction Fund established in Section 27-51-105.

394 (11) Notwithstanding any other provision of this section to
395 the contrary, on or before February 15, 1995, and each succeeding
396 month thereafter, the sales tax revenue collected during the
397 preceding month under the provisions of Section 27-65-17(2) and
398 the corresponding levy in Section 27-65-23 on the rental or lease
399 of private carriers of passengers and light carriers of property
400 as defined in Section 27-51-101 shall be deposited, without
401 diversion, into the Motor Vehicle Ad Valorem Tax Reduction Fund
402 established in Section 27-51-105.

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

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

420 (14) On or before August 15, 1998, and each succeeding month
421 thereafter through July 15, 2005, that portion of the avails of
422 the tax imposed in Section 27-65-23 that is derived from sales by
423 cotton compresses or cotton warehouses and that would otherwise be

424 paid into the General Fund, shall be deposited in an amount not to
425 exceed Two Million Dollars (\$2,000,000.00) into the special fund
426 created under Section 69-37-39.

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

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

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

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

454 (19) (a) On or before August 15, 2005, and each succeeding
455 month thereafter, the sales tax revenue collected during the
456 preceding month under the provisions of this chapter on the gross

457 proceeds of sales of a business enterprise located within a
458 redevelopment project area under the provisions of Sections
459 57-91-1 through 57-91-11, and the revenue collected on the gross
460 proceeds of sales from sales made to a business enterprise located
461 in a redevelopment project area under the provisions of Sections
462 57-91-1 through 57-91-11 (provided that such sales made to a
463 business enterprise are made on the premises of the business
464 enterprise), shall, except as otherwise provided in this
465 subsection (19), be deposited, after all diversions, into the
466 Redevelopment Project Incentive Fund as created in Section
467 57-91-9.

468 (b) For a municipality participating in the Economic
469 Redevelopment Act created in Sections 57-91-1 through 57-91-11,
470 the diversion provided for in subsection (1) of this section
471 attributable to the gross proceeds of sales of a business
472 enterprise located within a redevelopment project area under the
473 provisions of Sections 57-91-1 through 57-91-11, and attributable
474 to the gross proceeds of sales from sales made to a business
475 enterprise located in a redevelopment project area under the
476 provisions of Sections 57-91-1 through 57-91-11 (provided that
477 such sales made to a business enterprise are made on the premises
478 of the business enterprise), shall be deposited into the
479 Redevelopment Project Incentive Fund as created in Section
480 57-91-9, as follows:

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

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

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

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

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

500 (20) On or before August 15, 2006, and each succeeding month
501 thereafter, the sales tax revenue collected during the preceding
502 month under the provisions of this chapter on the gross proceeds
503 of sales of a project as defined in Section 1 of House Bill No.
504 1250, 2006 Regular Session, shall be deposited, after all
505 diversions, into the Tourism Sales Tax Incentive Fund created in
506 Section 2 of House Bill No. 1250, 2006 Regular Session.

507 (21) The remainder of the amounts collected under the
508 provisions of this chapter shall be paid into the State Treasury
509 to the credit of the General Fund.

510 (22) It shall be the duty of the municipal officials of any
511 municipality that expands its limits, or of any community that
512 incorporates as a municipality, to notify the commissioner of that
513 action thirty (30) days before the effective date. Failure to so
514 notify the commissioner shall cause the municipality to forfeit
515 the revenue that it would have been entitled to receive during
516 this period of time when the commissioner had no knowledge of the
517 action. If any funds have been erroneously disbursed to any
518 municipality or any overpayment of tax is recovered by the
519 taxpayer, the commissioner may make correction and adjust the
520 error or overpayment with the municipality by withholding the

521 necessary funds from any later payment to be made to the
522 municipality.

523 **SECTION 4.** This act shall take effect and be in force from
524 and after its passage.