

By: Representative Peranich

To: Tourism; Ways and Means

HOUSE BILL NO. 1250
(As Passed the House)

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: 1.
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; 2. 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 a. primarily devoted to the
93 retail sale of merchandise in which retail sales exceed
94 twenty-five percent (25%) of the total sales of the facility, or
95 b. 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; or c. any project that receives a
98 tax subsidy or tax credit of any kind from the state pursuant to
99 any other law.

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

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

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

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

130 required experience to construct and operate the project; and (i)
131 any other information required by the MDA that would
132 satisfactorily demonstrate that the project meets all specified
133 criteria prescribed and approved by the MDA.

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

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

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

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

161 (5) After a review of relevant materials, the institution of
162 higher learning's report, and completion of other inquiries, MDA

163 may issue its certificate approving the project, setting forth the
164 terms and conditions under which the project is approved and the
165 extent to which the incentives provided for herein may be used. A
166 copy of each certificate issued by the MDA shall be sent to the
167 State Tax Commission.

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

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

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

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

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

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

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

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

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

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

260 (2) On or before September 15, 1987, and each succeeding
261 month thereafter, from the revenue collected under this chapter
262 during the preceding month, One Million One Hundred Twenty-five
263 Thousand Dollars (\$1,125,000.00) shall be allocated for
264 distribution to municipal corporations as defined under subsection
265 (1) of this section in the proportion that the number of gallons
266 of gasoline and diesel fuel sold by distributors to consumers and
267 retailers in each such municipality during the preceding fiscal
268 year bears to the total gallons of gasoline and diesel fuel sold
269 by distributors to consumers and retailers in municipalities
270 statewide during the preceding fiscal year. The State Tax
271 Commission shall require all distributors of gasoline and diesel
272 fuel to report to the commission monthly the total number of
273 gallons of gasoline and diesel fuel sold by them to consumers and
274 retailers in each municipality during the preceding month. The
275 State Tax Commission shall have the authority to promulgate such
276 rules and regulations as is necessary to determine the number of
277 gallons of gasoline and diesel fuel sold by distributors to
278 consumers and retailers in each municipality. In determining the
279 percentage allocation of funds under this subsection for the
280 fiscal year beginning July 1, 1987, and ending June 30, 1988, the
281 State Tax Commission may consider gallons of gasoline and diesel
282 fuel sold for a period of less than one (1) fiscal year. For the
283 purposes of this subsection, the term "fiscal year" means the
284 fiscal year beginning July 1 of a year.

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

293 program. The Mississippi Department of Transportation shall
294 provide to the State Tax Commission such information as is
295 necessary to determine the amount of proceeds to be distributed
296 under this subsection.

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

325 remainder of the fund shall be allocated monthly to the several
326 counties in accordance with the following formula:

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

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

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

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

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

343 Any reference in the general laws of this state or the
344 Mississippi Code of 1972 to Section 27-5-105 shall mean and be
345 construed to refer and apply to subsection (4) of Section
346 27-65-75.

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

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

358 (7) On or before August 15, 1992, and each succeeding month
359 thereafter through July 15, 2000, two and two hundred sixty-six
360 one-thousandths percent (2.266%) of the total sales tax revenue
361 collected during the preceding month under the provisions of this
362 chapter, except that collected under the provisions of Section
363 27-65-17(2) shall be deposited by the commission into the School
364 Ad Valorem Tax Reduction Fund created under Section 37-61-35. On
365 or before August 15, 2000, and each succeeding month thereafter,
366 two and two hundred sixty-six one-thousandths percent (2.266%) of
367 the total sales tax revenue collected during the preceding month
368 under the provisions of this chapter, except that collected under
369 the provisions of Section 27-65-17(2), shall be deposited into the
370 School Ad Valorem Tax Reduction Fund created under Section
371 37-61-35 until such time that the total amount deposited into the
372 fund during a fiscal year equals Forty-two Million Dollars
373 (\$42,000,000.00). Thereafter, the amounts diverted under this
374 subsection (7) during the fiscal year in excess of Forty-two
375 Million Dollars (\$42,000,000.00) shall be deposited into the
376 Education Enhancement Fund created under Section 37-61-33 for
377 appropriation by the Legislature as other education needs and
378 shall not be subject to the percentage appropriation requirements
379 set forth in Section 37-61-33.

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

387 (9) On or before August 15, 1994, and each succeeding month
388 thereafter, from the revenue collected under this chapter during
389 the preceding month, Two Hundred Fifty Thousand Dollars
390 (\$250,000.00) shall be paid into the State Aid Road Fund.

391 (10) On or before August 15, 1994, and each succeeding month
392 thereafter through August 15, 1995, from the revenue collected
393 under this chapter during the preceding month, Two Million Dollars
394 (\$2,000,000.00) shall be deposited into the Motor Vehicle Ad
395 Valorem Tax Reduction Fund established in Section 27-51-105.

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

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

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

422 (14) On or before August 15, 1998, and each succeeding month
423 thereafter through July 15, 2005, that portion of the avails of

424 the tax imposed in Section 27-65-23 that is derived from sales by
425 cotton compresses or cotton warehouses and that would otherwise be
426 paid into the General Fund, shall be deposited in an amount not to
427 exceed Two Million Dollars (\$2,000,000.00) into the special fund
428 created under Section 69-37-39.

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

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

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

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

456 (19) (a) On or before August 15, 2005, and each succeeding
457 month thereafter, the sales tax revenue collected during the
458 preceding month under the provisions of this chapter on the gross
459 proceeds of sales of a business enterprise located within a
460 redevelopment project area under the provisions of Sections
461 57-91-1 through 57-91-11, and the revenue collected on the gross
462 proceeds of sales from sales made to a business enterprise located
463 in a redevelopment project area under the provisions of Sections
464 57-91-1 through 57-91-11 (provided that such sales made to a
465 business enterprise are made on the premises of the business
466 enterprise), shall, except as otherwise provided in this
467 subsection (19), be deposited, after all diversions, into the
468 Redevelopment Project Incentive Fund as created in Section
469 57-91-9.

470 (b) For a municipality participating in the Economic
471 Redevelopment Act created in Sections 57-91-1 through 57-91-11,
472 the diversion provided for in subsection (1) of this section
473 attributable to the gross proceeds of sales of a business
474 enterprise located within a redevelopment project area under the
475 provisions of Sections 57-91-1 through 57-91-11, and attributable
476 to the gross proceeds of sales from sales made to a business
477 enterprise located in a redevelopment project area under the
478 provisions of Sections 57-91-1 through 57-91-11 (provided that
479 such sales made to a business enterprise are made on the premises
480 of the business enterprise), shall be deposited into the
481 Redevelopment Project Incentive Fund as created in Section
482 57-91-9, as follows:

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

487 (ii) For the seventh year in which such payments
488 are made to a developer from the Redevelopment Project Incentive

489 Fund, eighty percent (80%) of the diversion shall be deposited
490 into the fund;

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

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

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

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

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

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

522 error or overpayment with the municipality by withholding the
523 necessary funds from any later payment to be made to the
524 municipality.

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