

By: Representatives Mayo, Brown

To: Ways and Means

## HOUSE BILL NO. 440

1 AN ACT TO AUTHORIZE THE GOVERNING AUTHORITIES OF ANY  
2 MUNICIPALITY TO IMPOSE A SPECIAL SALES TAX OF NOT MORE THAN 1% ON  
3 THE GROSS PROCEEDS OF ALL SALES OR THE GROSS INCOME OF BUSINESSES  
4 IN THE MUNICIPALITY DERIVED FROM ACTIVITIES TAXED AT THE RATE OF  
5 7% OR MORE UNDER THE MISSISSIPPI SALES TAX LAW; TO PROVIDE THAT  
6 THE SPECIAL SALES TAX SHALL NOT BE LEVIED UNLESS AUTHORIZED BY AT  
7 LEAST 3/5 OF THE VOTES CAST AT A REFERENDUM CALLED AND HELD FOR  
8 SUCH PURPOSE; TO AUTHORIZE A MUNICIPALITY TO INCUR INDEBTEDNESS IN  
9 AN AMOUNT NOT GREATER THAN AN AMOUNT FOR WHICH DEBT SERVICE IS  
10 CAPABLE OF BEING FUNDED BY THE PROCEEDS OF THE SPECIAL SALES TAX;  
11 TO PROVIDE THAT THE SPECIAL SALES TAX REVENUE COLLECTED PURSUANT  
12 TO SUCH A TAX SHALL BE USED AND EXPENDED BY THE MUNICIPALITY TO  
13 FUND CAPITAL PROJECTS; TO PROVIDE FOR THE DISCONTINUANCE OF THE  
14 SPECIAL SALES TAX UPON COMPLETION OF THE FUNDING OF THE PROJECTS  
15 FOR WHICH THE TAX WAS LEVIED; TO AUTHORIZE THE BOARD OF  
16 SUPERVISORS OF ANY COUNTY TO IMPOSE A SPECIAL SALES TAX OF NOT  
17 MORE THAN 1% ON THE GROSS PROCEEDS OF ALL SALES OR THE GROSS  
18 INCOME OF BUSINESSES IN THE COUNTY OUTSIDE THE CORPORATE  
19 BOUNDARIES OF ANY MUNICIPALITY WITHIN SUCH COUNTY DERIVED FROM  
20 ACTIVITIES TAXED AT THE RATE OF 7% OR MORE UNDER THE MISSISSIPPI  
21 SALES TAX LAW; TO PROVIDE THAT THE SPECIAL SALES TAX SHALL NOT BE  
22 LEVIED UNLESS AUTHORIZED BY AT LEAST 3/5 OF THE VOTES CAST AT A  
23 REFERENDUM CALLED AND HELD FOR SUCH PURPOSE; TO AUTHORIZE A COUNTY  
24 TO INCUR INDEBTEDNESS IN AN AMOUNT NOT GREATER THAN AN AMOUNT FOR  
25 WHICH DEBT SERVICE IS CAPABLE OF BEING FUNDED BY THE PROCEEDS OF  
26 THE SPECIAL SALES TAX; TO PROVIDE THAT THE SPECIAL SALES TAX  
27 REVENUE COLLECTED PURSUANT TO SUCH A TAX SHALL BE USED AND  
28 EXPENDED BY THE COUNTY TO FUND CAPITAL PROJECTS; TO PROVIDE FOR  
29 THE DISCONTINUANCE OF THE SPECIAL SALES TAX UPON COMPLETION OF THE  
30 FUNDING OF THE PROJECTS FOR WHICH THE TAX WAS LEVIED; TO AUTHORIZE  
31 THE BOARD OF SUPERVISORS OF ANY COUNTY TO IMPOSE A SPECIAL SALES  
32 TAX OF NOT MORE THAN 1% ON THE GROSS PROCEEDS OF ALL SALES OR THE  
33 GROSS INCOME OF BUSINESSES IN THE COUNTY INCLUDING THE CORPORATE  
34 BOUNDARIES OF ANY MUNICIPALITY WITHIN SUCH COUNTY DERIVED FROM  
35 ACTIVITIES TAXED AT THE RATE OF 7% OR MORE UNDER THE MISSISSIPPI  
36 SALES TAX LAW; TO PROVIDE THAT THE SPECIAL SALES TAX SHALL NOT BE  
37 LEVIED UNLESS AUTHORIZED BY AT LEAST 3/5 OF THE VOTES CAST AT A  
38 REFERENDUM CALLED AND HELD FOR SUCH PURPOSE; TO AUTHORIZE A COUNTY  
39 TO INCUR INDEBTEDNESS IN AN AMOUNT NOT GREATER THAN AN AMOUNT FOR  
40 WHICH DEBT SERVICE IS CAPABLE OF BEING FUNDED BY THE PROCEEDS OF  
41 THE SPECIAL SALES TAX; TO PROVIDE THAT THE SPECIAL SALES TAX  
42 REVENUE COLLECTED PURSUANT TO SUCH A TAX SHALL BE USED AND  
43 EXPENDED BY THE COUNTY TO FUND CAPITAL PROJECTS; TO PROVIDE FOR  
44 THE DISCONTINUANCE OF THE SPECIAL SALES TAX UPON COMPLETION OF THE  
45 FUNDING OF THE PROJECTS FOR WHICH THE TAX WAS LEVIED; TO AMEND  
46 SECTIONS 21-33-303 AND 19-9-5, MISSISSIPPI CODE OF 1972, IN  
47 CONFORMITY THERETO; AND FOR RELATED PURPOSES.

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

49           SECTION 1. (1) Subject to the provisions of this section,  
50 the governing authorities of any municipality may impose upon all  
51 persons as a privilege for engaging or continuing in business or  
52 doing business within such municipality, a special sales tax at  
53 the rate of not more than one percent (1%) of the gross proceeds  
54 of sales or gross income of the business, as the case may be,  
55 derived from any of the activities taxed at the rate of seven  
56 percent (7%) or more under the Mississippi Sales Tax Law, Section  
57 27-65-1 et seq. The tax levied under this section shall apply to  
58 every person making sales, delivery or installations of tangible  
59 personal property or services within any municipality which has  
60 adopted the levy authorized in this section but shall not apply to  
61 sales exempted by Sections 27-65-19, 27-65-101, 27-65-103,  
62 27-65-105, 27-65-107, 27-65-109 and 27-65-111 of the Mississippi  
63 Sales Tax Law.

64           (2) Before any tax authorized under this section may be  
65 imposed, the governing authorities of the city shall adopt a  
66 resolution declaring its intention to levy the tax, setting forth  
67 the amount of the tax to be imposed, the capital project for which  
68 the revenue collected pursuant to the tax levy may be used and  
69 expended, the date upon which the tax shall become effective and  
70 calling for a referendum to be held on the question. The date of  
71 the referendum shall be set in the resolution. Notice of the  
72 referendum shall be published once each week for at least three

73 (3) consecutive weeks in a newspaper published or having a general  
74 circulation in the county, with the first publication of the  
75 notice to be made not less than twenty-one (21) days before the  
76 date fixed in the resolution for the referendum and the last  
77 publication to be made not more than seven (7) days before the  
78 referendum. At the referendum, all qualified electors of the  
79 municipality may vote. The ballots used at the referendum shall  
80 have printed thereon a brief description of the sales tax, the  
81 amount of the sales tax levy, a description of the projects for

82 which the tax revenue may be used and expended and the words "FOR  
83 THE LOCAL SALES TAX" and "AGAINST THE LOCAL SALES TAX" and the  
84 voter shall vote by placing a cross (X) or check mark (√) opposite  
85 his choice on the proposition. When the results of the referendum  
86 have been canvassed by the election commissioners of the  
87 municipality and certified by them to the governing authorities,  
88 it shall be the duty of such governing authorities to determine  
89 and adjudicate whether at least three-fifths (3/5) of the  
90 qualified electors who voted in the referendum voted in favor of  
91 the tax. If at least three-fifths (3/5) of the qualified electors  
92 who voted in the referendum voted in favor of the tax, the  
93 governing authorities shall adopt a resolution declaring the levy  
94 and collection of the tax provided in this section and shall set  
95 the first day of the second month following the date of such  
96 adoption as the effective date of the tax levy. A certified copy  
97 of this resolution, together with the result of the referendum,  
98 shall be furnished to the State Tax Commission not less than  
99 thirty (30) days before the effective date of the levy.

100 (3) The capital projects for which the revenue collected  
101 pursuant to the tax levy imposed under this section may be used  
102 and expended shall include, but not be limited to, the following:

- 103 (a) Recreational complexes;
- 104 (b) Senior centers;
- 105 (c) Community centers;
- 106 (d) Auditoriums;
- 107 (e) Libraries;
- 108 (f) Major street projects;
- 109 (g) Water and sewage systems;
- 110 (h) Gas lines; and
- 111 (i) Multipurpose buildings.

112 (4) (a) The special sales tax authorized by this section  
113 shall be collected by the State Tax Commission, shall be accounted  
114 for separately from the amount of sales tax collected for the

115 state in the municipality and shall be paid to the municipality in  
116 which collected. The State Tax Commission may retain three  
117 percent (3%) of the proceeds of such tax for the purpose of  
118 defraying the costs incurred by the commission in the collection  
119 of the tax. Payments to the municipalities shall be made by the  
120 State Tax Commission on or before the fifteenth day of the month  
121 following the month in which the tax was collected.

122 (b) The proceeds of the special sales tax shall be  
123 placed into a separate fund apart from the municipal general fund  
124 and any other funds of the municipality, and shall be expended by  
125 the municipality solely for the purpose of paying any indebtedness  
126 or other obligation incurred or that may be incurred by the  
127 municipality for the capital projects specified in the resolution  
128 ordering the referendum.

129 (c) All provisions of the Mississippi Sales Tax Law  
130 applicable to filing of returns, discounts to the taxpayer,  
131 remittances to the State Tax Commission, enforced collection,  
132 rights of taxpayers, recovery of improper taxes, refunds of  
133 overpaid taxes or other provisions of law providing for imposition  
134 and collection of the state sales tax shall apply to the special  
135 sales tax authorized by this section, except where there is a  
136 conflict, in which case the provisions of this section shall  
137 control. Any damages, penalties or interest collected for the  
138 nonpayment of taxes imposed under this section, or for  
139 noncompliance with the provisions of this section, shall be paid  
140 to the municipality in which such damages, penalties or interest  
141 were collected on the same basis and in the same manner as the tax  
142 proceeds. Any overpayment of tax for any reason that has been  
143 disbursed to any municipality or any payment of the tax to any  
144 municipality in error may be adjusted by the State Tax Commission  
145 on any subsequent payment to the municipality involved pursuant to  
146 the provisions of the Mississippi Sales Tax Law. The State Tax  
147 Commission may, from time to time, make such rules and regulations

148 not inconsistent with this section as may be deemed necessary to  
149 carry out the provisions of this section, and such rules and  
150 regulations shall have the full force and effect of law.

151 (d) The special sales tax shall be discontinued by the  
152 governing authorities of the municipality on the first day of the  
153 month immediately succeeding the date any indebtedness, including  
154 interest, incurred by the municipality for the projects is  
155 retired, or in the event the municipality incurs no indebtedness,  
156 the first day of the month after all obligations for the projects  
157 have been paid. Any amount remaining in the separate fund  
158 containing the proceeds of the special sales tax not necessary to  
159 retire the debt or pay any other obligations, shall be transferred  
160 to the municipal general fund.

161 (e) The governing authorities of a municipality may not  
162 impose a special sales tax under this section on sales that are  
163 subject to any tax levied and collected (before the date a  
164 resolution is adopted under subsection (2) of this section) under  
165 the authority of a local and private law of the State of  
166 Mississippi, and which tax is collected and paid to the State Tax  
167 Commission in the same or similar manner that state sales taxes  
168 are collected and paid.

169 (f) If a municipality imposing a special sales tax  
170 under this section expands its corporate boundaries, the governing  
171 authorities of the municipality may not impose the special sales  
172 tax in the annexed area unless the tax is approved at a referendum  
173 conducted, as far as is practicable, in the manner provided in  
174 subsection (2) of this section, except that only qualified  
175 electors in the annexed area may vote in the referendum. However,  
176 if a municipality imposing a special sales tax under this section  
177 expands its corporate boundaries into a county that is imposing a  
178 special sales tax under Section 2 of this act, the governing  
179 authorities of the municipality may not impose the special sales

180 tax in the annexed area for as long as such county is imposing a  
181 special sales tax under Section 2 of this act.

182 (g) If a municipality imposing a special sales tax  
183 under this section contracts its corporate boundaries, the special  
184 sales tax shall continue to be imposed in the area that was in the  
185 corporate boundaries of the municipality before the contraction of  
186 such boundaries.

187 (h) In no event may the tax levied by this section when  
188 added to any other tax levied by Section 2, 3 or 4 of this act  
189 exceed the rate of one percent (1%) of the gross proceeds of sales  
190 or gross income of businesses, as the case may be, derived from  
191 any of the activities taxed at the rate of seven percent (7%) or  
192 more under the Mississippi Sales Tax Law, Section 27-65-1 et seq.

193 (5) The governing authorities of any municipality that  
194 levies a special sales tax pursuant to this section may incur  
195 indebtedness of the municipality in an aggregate principal amount  
196 that is not in excess of an amount for which debt service is  
197 capable of being funded by the proceeds of the special sales tax  
198 levied pursuant to this section. The indebtedness authorized by  
199 this subsection shall not be considered when computing any  
200 limitation of indebtedness of the municipality established by law.

201 **SECTION 2.** (1) Subject to the provisions of this section,  
202 the board of supervisors of any county may impose upon all persons  
203 as a privilege for engaging or continuing in business or doing  
204 business within such county but outside the corporate boundaries  
205 of any municipality within such county, a special sales tax at the  
206 rate of not more than one percent (1%) of the gross proceeds of  
207 sales or gross income of the business, as the case may be, derived  
208 from any of the activities taxed at the rate of seven percent (7%)  
209 or more under the Mississippi Sales Tax Law, Section 27-65-1 et  
210 seq. The tax levied under this section shall apply to every  
211 person making sales, delivery or installations of tangible  
212 personal property or services within any municipality which has

213 adopted the levy authorized in this section but shall not apply to  
214 sales exempted by Sections 27-65-19, 27-65-101, 27-65-103,  
215 27-65-105, 27-65-107, 27-65-109 and 27-65-111 of the Mississippi  
216 Sales Tax Law.

217 (2) Before any tax authorized under this section may be  
218 imposed, the board of supervisors of the county shall adopt a  
219 resolution declaring its intention to levy the tax, setting forth  
220 the amount of the tax to be imposed, the capital project for which  
221 the revenue collected pursuant to the tax levy may be used and  
222 expended, the date upon which the tax shall become effective and  
223 calling for a referendum to be held on the question. The date of  
224 the referendum shall be set in the resolution. Notice of the  
225 referendum shall be published once each week for at least three

226 (3) consecutive weeks in a newspaper published or having a general  
227 circulation in the county, with the first publication of the  
228 notice to be made not less than twenty-one (21) days before the  
229 date fixed in the resolution for the referendum and the last  
230 publication to be made not more than seven (7) days before the  
231 referendum. At the referendum, all qualified electors of the  
232 county may vote. The ballots used at the referendum shall have  
233 printed thereon a brief description of the sales tax, the amount  
234 of the sales tax levy, a description of the projects for which the  
235 tax revenue may be used and expended and the words "FOR THE LOCAL  
236 SALES TAX" and "AGAINST THE LOCAL SALES TAX" and the voter shall  
237 vote by placing a cross (X) or check mark (✓) opposite his choice  
238 on the proposition. When the results of the referendum have been  
239 canvassed by the election commissioners of the county and  
240 certified by them to the board of supervisors, it shall be the  
241 duty of the board of supervisors to determine and adjudicate  
242 whether at least three-fifths (3/5) of the qualified electors who  
243 voted in the referendum voted in favor of the tax. If at least  
244 three-fifths (3/5) of the qualified electors who voted in the  
245 referendum voted in favor of the tax, the board of supervisors

246 shall adopt a resolution declaring the levy and collection of the  
247 tax provided in this section and shall set the first day of the  
248 second month following the date of such adoption as the effective  
249 date of the tax levy. A certified copy of this resolution,  
250 together with the result of the referendum, shall be furnished to  
251 the State Tax Commission not less than thirty (30) days before the  
252 effective date of the levy.

253 (3) The capital projects for which the revenue collected  
254 pursuant to the tax levy imposed under this section may be used  
255 and expended shall include, but not be limited to, the following:

- 256 (a) Recreational complexes;
- 257 (b) Senior centers;
- 258 (c) Community centers;
- 259 (d) Auditoriums;
- 260 (e) Libraries;
- 261 (f) Major street projects;
- 262 (g) Water and sewage systems;
- 263 (h) Gas lines; and
- 264 (i) Multipurpose buildings.

265 (4) (a) The special sales tax authorized by this section  
266 shall be collected by the State Tax Commission, shall be accounted  
267 for separately from the amount of sales tax collected for the  
268 state in the county and shall be paid to the county in which  
269 collected. The State Tax Commission may retain three percent (3%)  
270 of the proceeds of such tax for the purpose of defraying the costs  
271 incurred by the commission in the collection of the tax. Payments  
272 to the counties shall be made by the State Tax Commission on or  
273 before the fifteenth day of the month following the month in which  
274 the tax was collected.

275 (b) The proceeds of the special sales tax shall be  
276 placed into a separate fund apart from the county general fund and  
277 any other funds of the county, and shall be expended by the county  
278 solely for the purpose of paying any indebtedness or other



279 obligation incurred or that may be incurred by the county for the  
280 capital projects specified in the resolution ordering the  
281 referendum.

282 (c) All provisions of the Mississippi Sales Tax Law  
283 applicable to filing of returns, discounts to the taxpayer,  
284 remittances to the State Tax Commission, enforced collection,  
285 rights of taxpayers, recovery of improper taxes, refunds of  
286 overpaid taxes or other provisions of law providing for imposition  
287 and collection of the state sales tax shall apply to the special  
288 sales tax authorized by this section, except where there is a  
289 conflict, in which case the provisions of this section shall  
290 control. Any damages, penalties or interest collected for the  
291 nonpayment of taxes imposed under this section, or for  
292 noncompliance with the provisions of this section, shall be paid  
293 to the county in which such damages, penalties or interest were  
294 collected on the same basis and in the same manner as the tax  
295 proceeds. Any overpayment of tax for any reason that has been  
296 disbursed to any county or any payment of the tax to any county in  
297 error may be adjusted by the State Tax Commission on any  
298 subsequent payment to the county involved pursuant to the  
299 provisions of the Mississippi Sales Tax Law. The State Tax  
300 Commission may, from time to time, make such rules and regulations  
301 not inconsistent with this section as may be deemed necessary to  
302 carry out the provisions of this section, and such rules and  
303 regulations shall have the full force and effect of law.

304 (d) The special sales tax shall be discontinued by the  
305 board of supervisors of the county on the first day of the month  
306 immediately succeeding the date any indebtedness, including  
307 interest, incurred by the county for projects is retired, or in  
308 the event the county incurs no indebtedness, the first day of the  
309 month after all obligations for the projects have been paid. Any  
310 amount remaining in the separate fund containing the proceeds of  
311 the special sales tax not necessary to retire the debt or pay any

312 other obligations, shall be transferred to the county general  
313 fund.

314 (e) The board of supervisors of a county may not impose  
315 a special sales tax under this section on sales that are subject  
316 to any tax levied and collected (before the date a resolution is  
317 adopted under subsection (2) of this section) under the authority  
318 of a local and private law of the State of Mississippi, and which  
319 tax is collected and paid to the State Tax Commission in the same  
320 or similar manner that state sales taxes are collected and paid.

321 (f) If the board of supervisors of a county imposes a  
322 special sales tax under this section and a municipality annexes a  
323 part of the county, the special sales tax shall continue to be  
324 imposed in the annexed area until the board of supervisors  
325 discontinues the tax as provided in paragraph (d) of this  
326 subsection.

327 (g) If the board of supervisors of a county imposes a  
328 special sales tax under this section, and a municipality within  
329 the county that is not imposing a special sales tax under Section  
330 1 of this act contracts its municipal corporate boundaries, the  
331 board of supervisors of the county may not impose a special sales  
332 tax in the de-annexed area unless the tax is approved at a  
333 referendum conducted, as far as is practicable, in the manner  
334 provided in subsection (2) of this section, except that only  
335 qualified electors in the de-annexed area may vote in such  
336 referendum.

337 (h) In no event may the tax levied by this section when  
338 added to any other tax levied by Section 1, 3 or 4 of this act  
339 exceed the rate of one percent (1%) of the gross proceeds of sales  
340 or gross income of businesses, as the case may be, derived from  
341 any of the activities taxed at the rate of seven percent (7%) or  
342 more under the Mississippi Sales Tax Law, Section 27-65-1 et seq.

343 (5) The board of supervisors of any county that levies a  
344 special sales tax pursuant to this section may incur indebtedness

345 of the county in an aggregate principal amount that is not in  
346 excess of an amount for which debt service is capable of being  
347 funded by the proceeds of the special sales tax levied pursuant to  
348 this section. The indebtedness authorized by this subsection  
349 shall not be considered when computing any limitation of  
350 indebtedness of the county established by law.

351 **SECTION 3.** (1) Subject to the provisions of this section,  
352 the board of supervisors of any county that does not contain  
353 within such county a municipality with corporate boundaries also  
354 located in one or more other counties may, with the agreement of  
355 the governing authorities of all municipalities in the county,  
356 impose upon all persons as a privilege for engaging or continuing  
357 in business or doing business within such county (including the  
358 corporate boundaries of any municipality within the county), a  
359 special sales tax at the rate of not more than one percent (1%) of  
360 the gross proceeds of sales or gross income of the business, as  
361 the case may be, derived from any of the activities taxed at the  
362 rate of seven percent (7%) or more under the Mississippi Sales Tax  
363 Law, Section 27-65-1 et seq. The tax levied under this section  
364 shall apply to every person making sales, delivery or  
365 installations of tangible personal property or services within any  
366 county which has adopted the levy herein authorized but shall not  
367 apply to sales exempted by Sections 27-65-19, 27-65-101,  
368 27-65-103, 27-65-105, 27-65-107, 27-65-109 and 27-65-111 of the  
369 Mississippi Sales Tax Law.

370 (2) Before any tax authorized under this section may be  
371 imposed, the board of supervisors of the county shall adopt a  
372 resolution declaring its intention to levy the tax, setting forth  
373 the amount of the tax to be imposed, the capital project for which  
374 the revenue collected pursuant to the tax levy may be used and  
375 expended, the date upon which the tax shall become effective and  
376 calling for a referendum to be held on the question; however, the  
377 board of supervisors may call a referendum only after entering

378 into a joint agreement with the governing authorities of each  
379 municipality in the county consenting to the calling of a  
380 countywide referendum on the question of the special sales tax  
381 levy. The date of the referendum shall be set in the resolution.  
382 Notice of the referendum shall be published once each week for at  
383 least three (3) consecutive weeks in a newspaper published or  
384 having a general circulation in the county, with the first  
385 publication of the notice to be made not less than twenty-one (21)  
386 days before the date fixed in the resolution for the referendum  
387 and the last publication to be made not more than seven (7) days  
388 before the referendum. At the referendum, all qualified electors  
389 of the county may vote. The ballots used at the referendum shall  
390 have printed thereon a brief description of the sales tax, the  
391 amount of the sales tax levy, a description of the projects for  
392 which the tax revenue may be used and expended and the words "FOR  
393 THE LOCAL SALES TAX" and "AGAINST THE LOCAL SALES TAX" and the  
394 voter shall vote by placing a cross (X) or check mark (✓) opposite  
395 his choice on the proposition. When the results of the referendum  
396 have been canvassed by the election commissioners of the county  
397 and certified by them to the board of supervisors, it shall be the  
398 duty of the board of supervisors to determine and adjudicate  
399 whether at least three-fifths (3/5) of the qualified electors who  
400 voted in the referendum voted in favor of the tax. If at least  
401 three-fifths (3/5) of the qualified electors who voted in the  
402 referendum voted in favor of the tax, the board of supervisors  
403 shall adopt a resolution declaring the levy and collection of the  
404 tax provided in this section and shall set the first day of the  
405 second month following the date of such adoption as the effective  
406 date of the tax levy. A certified copy of this resolution,  
407 together with the result of the referendum, shall be furnished to  
408 the State Tax Commission not less than thirty (30) days before the  
409 effective date of the levy.

410           (3) The capital projects for which the revenue collected  
411 pursuant to the tax levy imposed under this section may be used  
412 and expended shall include, but not be limited to, the following:

- 413           (a) Recreational complexes;
- 414           (b) Senior centers;
- 415           (c) Community centers;
- 416           (d) Auditoriums;
- 417           (e) Libraries;
- 418           (f) Major street projects;
- 419           (g) Water and sewage systems;
- 420           (h) Gas lines; and
- 421           (i) Multipurpose buildings.

422           (4) (a) The special sales tax authorized by this section  
423 shall be collected by the State Tax Commission, shall be accounted  
424 for separately from the amount of sales tax collected for the  
425 state in the county and shall be paid to the county in which  
426 collected. The State Tax Commission may retain three percent (3%)  
427 of the proceeds of such tax for the purpose of defraying the costs  
428 incurred by the commission in the collection of the tax. Payments  
429 to the counties shall be made by the State Tax Commission on or  
430 before the fifteenth day of the month following the month in which  
431 the tax was collected.

432           (b) The proceeds of the special sales tax shall be  
433 placed into a separate fund apart from the county general fund and  
434 any other funds of the county, and shall be expended by the county  
435 solely for the purpose of paying any indebtedness or other  
436 obligation incurred or that may be incurred by the county for the  
437 capital projects specified in the resolution ordering the  
438 referendum.

439           (c) All provisions of the Mississippi Sales Tax Law  
440 applicable to filing of returns, discounts to the taxpayer,  
441 remittances to the State Tax Commission, enforced collection,  
442 rights of taxpayers, recovery of improper taxes, refunds of

443 overpaid taxes or other provisions of law providing for imposition  
444 and collection of the state sales tax shall apply to the special  
445 sales tax authorized by this section, except where there is a  
446 conflict, in which case the provisions of this section shall  
447 control. Any damages, penalties or interest collected for the  
448 nonpayment of taxes imposed under this section, or for  
449 noncompliance with the provisions of this section, shall be paid  
450 to the county in which such damages, penalties or interest were  
451 collected on the same basis and in the same manner as the tax  
452 proceeds. Any overpayment of tax for any reason that has been  
453 disbursed to any county or any payment of the tax to any county in  
454 error may be adjusted by the State Tax Commission on any  
455 subsequent payment to the county involved pursuant to the  
456 provisions of the Mississippi Sales Tax Law. The State Tax  
457 Commission may, from time to time, make such rules and regulations  
458 not inconsistent with this section as may be deemed necessary to  
459 carry out the provisions of this section, and such rules and  
460 regulations shall have the full force and effect of law.

461 (d) The special sales tax shall be discontinued by the  
462 board of supervisors of the county on the first day of the month  
463 immediately succeeding the date any indebtedness, including  
464 interest, incurred by the county for the capital projects is  
465 retired, or in the event the county incurs no indebtedness, the  
466 first day of the month after all obligations for the capital  
467 projects have been paid. Any amount remaining in the separate  
468 fund containing the proceeds of the special sales tax not  
469 necessary to retire the debt or pay any other obligations, shall  
470 be transferred to the county general fund.

471 (e) The board of supervisors of a county may not impose  
472 a special sales tax under this section on sales that are subject  
473 to any tax levied and collected (before the date a resolution is  
474 adopted under subsection (2) of this section) under the authority  
475 of a local and private law of the State of Mississippi, and which

476 tax is collected and paid to the State Tax Commission in the same  
477 or similar manner that state sales taxes are collected and paid.

478 (f) In no event may the tax levied by this section when  
479 added to any other tax levied by Section 1, 2 or 4 of this act  
480 exceed the rate of one percent (1%) of the gross proceeds of sales  
481 or gross income of businesses, as the case may be, derived from  
482 any of the activities taxed at the rate of seven percent (7%) or  
483 more under the Mississippi Sales Tax Law, Section 27-65-1 et seq.

484 (5) The board of supervisors of any county that levies a  
485 special sales tax pursuant to this section may incur indebtedness  
486 of the county in an aggregate principal amount that is not in  
487 excess of an amount for which debt service is capable of being  
488 funded by the proceeds of the special sales tax levied pursuant to  
489 this section. The indebtedness authorized by this subsection  
490 shall not be considered when computing any limitation of  
491 indebtedness of the county established by law.

492 **SECTION 4.** (1) Subject to the provisions of this section,  
493 the board of supervisors of any county that contains within such  
494 county any municipality with corporate boundaries also located  
495 within one or more other counties may impose upon all persons as a  
496 privilege for engaging or continuing in business or doing business  
497 within such county (including the corporate boundaries of any  
498 municipality located within the county and such other county or  
499 counties and including the corporate boundaries of any  
500 municipality located completely within the county), a special  
501 sales tax at the rate of not more than one percent (1%) of the  
502 gross proceeds of sales or gross income of the business, as the  
503 case may be, derived from any of the activities taxed at the rate  
504 of seven percent (7%) or more under the Mississippi Sales Tax Law,  
505 Section 27-65-1 et seq. The tax levied under this section shall  
506 apply to every person making sales, delivery or installations of  
507 tangible personal property or services but shall not apply to  
508 sales exempted by Sections 27-65-19, 27-65-101, 27-65-103,

509 27-65-105, 27-65-107, 27-65-109 and 27-65-111 of the Mississippi  
510 Sales Tax Law.

511 (2) Before any tax authorized under this section may be  
512 imposed, the board of supervisors of the county shall adopt a  
513 resolution declaring its intention to levy the tax, setting forth  
514 the amount of the tax to be imposed, the capital project for which  
515 the revenue collected pursuant to the tax levy may be used and  
516 expended, the date upon which the tax shall become effective and  
517 calling for a referendum to be held on the question. Before a  
518 referendum may be called on the question of the special sales tax  
519 levy, a joint agreement must be entered into by the board of  
520 supervisors of the county proposing to levy the special sales tax  
521 ("initiating county"), the governing authorities of each  
522 municipality with corporate boundaries located within the  
523 initiating county and also located within one or more other  
524 counties and in which municipality the board of supervisors of the  
525 initiating county proposes to levy the tax, and the board of  
526 supervisors of all other counties in which the corporate  
527 boundaries of any such municipality located within the initiating  
528 county also are located, consenting to the calling of a referendum  
529 in each of the counties in which the municipal corporate  
530 boundaries of any such municipality are located. However, the  
531 board of supervisors of the initiating county may propose to  
532 exclude one or more municipalities with corporate boundaries  
533 located within the county and also located within one or more  
534 other counties from the special sales tax levy and, in such case,  
535 it shall not be necessary for the other county or counties in  
536 which the corporate boundaries of an excluded municipality are  
537 located to enter into the joint agreement before a referendum may  
538 be called. The special sales tax may not be levied within the  
539 corporate boundaries of such an excluded municipality regardless  
540 of the results of a referendum. The date of the referendum shall  
541 be set in the resolution. Notice of the referendum shall be



542 published once each week for at least three (3) consecutive weeks  
543 in a newspaper published or having a general circulation in the  
544 county, with the first publication of the notice to be made not  
545 less than twenty-one (21) days before the date fixed in the  
546 resolution for the referendum and the last publication to be made  
547 not more than seven (7) days before the referendum. At the  
548 referendum, all qualified electors of the county may vote. The  
549 ballots used at the referendum shall have printed thereon a brief  
550 description of the sales tax, the amount of the sales tax levy, a  
551 description of the projects for which the tax revenue may be used  
552 and expended and the words "FOR THE LOCAL SALES TAX" and "AGAINST  
553 THE LOCAL SALES TAX" and the voter shall vote by placing a cross  
554 (X) or check mark (√) opposite his choice on the proposition.  
555 When the results of the referendum have been canvassed by the  
556 election commissioners of the county and certified by them to the  
557 board of supervisors, it shall be the duty of the board of  
558 supervisors to determine and adjudicate whether at least  
559 three-fifths (3/5) of the qualified electors who voted in the  
560 referendum voted in favor of the tax. If at least three-fifths  
561 (3/5) of the qualified electors who voted in the referendum voted  
562 in favor of the tax, the board of supervisors shall adopt a  
563 resolution declaring the levy and collection of the tax provided  
564 in this section and shall set the first day of the second month  
565 following the date of such adoption as the effective date of the  
566 tax levy. A certified copy of this resolution, together with the  
567 result of the referendum, shall be furnished to the State Tax  
568 Commission not less than thirty (30) days before the effective  
569 date of the levy.

570 (3) The capital projects for which the revenue collected  
571 pursuant to the tax levy imposed under this section may be used  
572 and expended shall include, but not be limited to, the following:

573 (a) Recreational complexes;

574 (b) Senior centers;

- 575 (c) Community centers;
- 576 (d) Auditoriums;
- 577 (e) Libraries;
- 578 (f) Major street projects;
- 579 (g) Water and sewage systems;
- 580 (h) Gas lines; and
- 581 (i) Multipurpose buildings.

582 (4) (a) The special sales tax authorized by this section  
583 shall be collected by the State Tax Commission, shall be accounted  
584 for separately from the amount of sales tax collected for the  
585 state in the county and shall be paid to the county in which  
586 collected. The State Tax Commission may retain three percent (3%)  
587 of the proceeds of such tax for the purpose of defraying the costs  
588 incurred by the commission in the collection of the tax. Payments  
589 to the counties shall be made by the State Tax Commission on or  
590 before the fifteenth day of the month following the month in which  
591 the tax was collected.

592 (b) The proceeds of the special sales tax shall be  
593 placed into a separate fund apart from the county general fund and  
594 any other funds of the county, and shall be expended by the county  
595 solely for the purpose of paying any indebtedness or other  
596 obligation incurred or that may be incurred by the county for the  
597 capital projects specified in the resolution ordering the  
598 referendum.

599 (c) All provisions of the Mississippi Sales Tax Law  
600 applicable to filing of returns, discounts to the taxpayer,  
601 remittances to the State Tax Commission, enforced collection,  
602 rights of taxpayers, recovery of improper taxes, refunds of  
603 overpaid taxes or other provisions of law providing for imposition  
604 and collection of the state sales tax shall apply to the special  
605 sales tax authorized by this section, except where there is a  
606 conflict, in which case the provisions of this section shall  
607 control. Any damages, penalties or interest collected for the

608 nonpayment of taxes imposed under this section, or for  
609 noncompliance with the provisions of this section, shall be paid  
610 to the county in which such damages, penalties or interest were  
611 collected on the same basis and in the same manner as the tax  
612 proceeds. Any overpayment of tax for any reason that has been  
613 disbursed to any county or any payment of the tax to any county in  
614 error may be adjusted by the State Tax Commission on any  
615 subsequent payment to the county involved pursuant to the  
616 provisions of the Mississippi Sales Tax Law. The State Tax  
617 Commission may, from time to time, make such rules and regulations  
618 not inconsistent with this section as may be deemed necessary to  
619 carry out the provisions of this section, and such rules and  
620 regulations shall have the full force and effect of law.

621 (d) The special sales tax shall be discontinued by the  
622 board of supervisors of the county on the first day of the month  
623 immediately succeeding the date any indebtedness, including  
624 interest, incurred by the county for the capital projects is  
625 retired, or in the event the county incurs no indebtedness, the  
626 first day of the month after all obligations for the capital  
627 projects have been paid. Any amount remaining in the separate  
628 fund containing the proceeds of the special sales tax not  
629 necessary to retire the debt or pay any other obligations, shall  
630 be transferred to the county general fund.

631 (e) The board of supervisors of a county may not impose  
632 a special sales tax under this section on sales that are subject  
633 to any tax levied and collected (before the date a resolution is  
634 adopted under subsection (2) of this section) under the authority  
635 of a local and private law of the State of Mississippi, and  
636 collected and paid to the State Tax Commission in the same or  
637 similar manner that state sales taxes are collected and paid.

638 (f) In no event may the tax levied by this section when  
639 added to any other tax levied by Section 1, 2 or 3 of this act  
640 exceed the rate of one percent (1%) of the gross proceeds of sales

641 or gross income of businesses, as the case may be, derived from  
642 any of the activities taxed at the rate of seven percent (7%) or  
643 more under the Mississippi Sales Tax Law, Section 27-65-1 et seq.

644 (5) The board of supervisors of any county that levies a  
645 special sales tax pursuant to this section may incur indebtedness  
646 of the county in an aggregate principal amount that is not in  
647 excess of an amount for which debt service is capable of being  
648 funded by the proceeds of the special sales tax levied pursuant to  
649 this section. The indebtedness authorized by this subsection  
650 shall not be considered when computing any limitation of  
651 indebtedness of the county established by law.

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

654 21-33-303. No municipality shall hereafter issue bonds  
655 secured by a pledge of its full faith and credit for the purposes  
656 authorized by law in an amount which, when added to the then  
657 outstanding bonded indebtedness of such municipality, shall exceed  
658 either (a) fifteen percent (15%) of the assessed value of the  
659 taxable property within such municipality, according to the last  
660 completed assessment for taxation, or (b) ten percent (10%) of the  
661 assessment upon which taxes were levied for its fiscal year ending  
662 September 30, 1984, whichever is greater. In computing such  
663 indebtedness, there may be deducted all bonds or other evidences  
664 of indebtedness, heretofore or hereafter issued, for school,  
665 water, sewerage systems, gas, and light and power purposes and for  
666 the construction of special improvements primarily chargeable to  
667 the property benefited, or for the purpose of paying the  
668 municipality's proportion of any betterment program, a portion of  
669 which is primarily chargeable to the property benefited. However,  
670 in no case shall any municipality contract any indebtedness which,  
671 when added to all of the outstanding general obligation  
672 indebtedness, both bonded and floating, shall exceed either (a)  
673 twenty percent (20%) of the assessed value of all taxable property

674 within such municipality according to the last completed  
675 assessment for taxation or (b) fifteen percent (15%) of the  
676 assessment upon which taxes were levied for its fiscal year ending  
677 September 30, 1984, whichever is greater. Nothing herein  
678 contained shall be construed to apply to contract obligations in  
679 any form heretofore or hereafter incurred by any municipality  
680 which are subject to annual appropriations therefor, or to bonds  
681 heretofore issued by any municipality for school purposes, or to  
682 contract obligations in any form heretofore or hereafter incurred  
683 by any municipality which are payable exclusively from the  
684 revenues of any municipally-owned utility, or to bonds issued by  
685 any municipality under the provisions of Sections 57-1-1 through  
686 57-1-51, or to any special assessment improvement bonds issued by  
687 any municipality under the provisions of Sections 21-41-1 through  
688 21-41-53, or to any indebtedness incurred under Section 55-23-8,  
689 or to any indebtedness incurred under Section 1 of House Bill  
690 No. 440, 2007 Regular Session.

691 All bonds issued prior to July 1, 1990, pursuant to this  
692 chapter by any municipality for the purpose of the constructing,  
693 replacing, renovating or improving wastewater collection and  
694 treatment facilities in order to comply with an administrative  
695 order of the Mississippi Department of Natural Resources issued  
696 pursuant to the Federal Water Pollution Control Act and amendments  
697 thereto, are hereby exempt from the limitation imposed by this  
698 section if the governing body of the municipality adopts an order,  
699 resolution or ordinance to the effect that the rates paid by the  
700 users of such facilities shall be increased to the extent  
701 necessary to provide sufficient funds for the payment of the  
702 principal of and interest on such bonds as each respectively  
703 becomes due and payable as well as the necessary expenses in  
704 connection with the operation and maintenance of such facilities.

705 **SECTION 6.** Section 19-9-5, Mississippi Code of 1972, is  
706 amended as follows:

707           19-9-5. No county shall hereafter issue bonds secured by a  
708 pledge of its full faith and credit for the purposes authorized by  
709 law in an amount which, when added to the then outstanding bonds  
710 of such county, shall exceed either (a) fifteen percent (15%) of  
711 the assessed value of the taxable property within such county  
712 according to the last completed assessment for taxation, or (b)  
713 fifteen percent (15%) of the assessment upon which taxes were  
714 levied for its fiscal year ending September 30, 1984, whichever is  
715 greater.

716           However, any county in the state which shall have experienced  
717 washed-out or collapsed bridges on the public roads of the county  
718 for any cause or reason may hereafter issue bonds for bridge  
719 purposes as now authorized by law in an amount which, when added  
720 to the then outstanding general obligation bonds of such county,  
721 shall not exceed either (a) twenty percent (20%) of the assessed  
722 value of the taxable property within such county according to the  
723 last completed assessment for taxation or (b) fifteen percent  
724 (15%) of the assessment upon which taxes were levied for its  
725 fiscal year ending September 30, 1984, whichever is greater.

726           Provided further, in computing such indebtedness, there may  
727 be deducted all bonds or other evidences of indebtedness  
728 heretofore or hereafter issued, for the construction of hospitals,  
729 ports or other capital improvements which are payable primarily  
730 from the net revenue to be generated from such hospital, port or  
731 other capital improvement, which revenue shall be pledged to the  
732 retirement of such bonds or other evidences of indebtedness,  
733 together with the full faith and credit of the county. However,  
734 in no case shall any county contract any indebtedness payable in  
735 whole or in part from proceeds of ad valorem taxes which, when  
736 added to all of the outstanding general obligation indebtedness,  
737 both bonded and floating, shall exceed either (a) twenty percent  
738 (20%) of the assessed value of all taxable property within such  
739 county according to the last completed assessment for taxation, or

740 (b) fifteen percent (15%) of the assessment upon which taxes were  
741 levied for its fiscal year ending September 30, 1984, whichever is  
742 greater. Nothing herein contained shall be construed to apply to  
743 contract obligations in any form heretofore or hereafter incurred  
744 by any county which are subject to annual appropriations therefor,  
745 or to bonds heretofore or hereafter issued by any county for  
746 school purposes, or to bonds issued by any county under the  
747 provisions of Sections 57-1-1 through 57-1-51, or to any  
748 indebtedness incurred under Section 55-23-8, or to bonds issued  
749 under Section 57-75-37, or to any indebtedness incurred under  
750 Section 2, 3 or 4 of House Bill No. 440, 2007 Regular Session.

751 **SECTION 7.** It is the intent of the Legislature that the  
752 amount of state general funds appropriated to the State Tax  
753 Commission shall not be reduced because of funds collected by the  
754 commission under Sections 1, 2, 3 and/or 4 of this act.

755 **SECTION 8.** Sections 1 through 4 of this act shall be known  
756 and may be cited as the "Mississippi Optional Sales Tax Act."

757 **SECTION 9.** The Attorney General of the State of Mississippi  
758 shall submit this act, immediately upon approval by the Governor,  
759 or upon approval by the Legislature subsequent to a veto, to the  
760 Attorney General of the United States or to the United States  
761 District Court for the District of Columbia in accordance with the  
762 provisions of the Voting Rights Act of 1965, as amended and  
763 extended.

764 **SECTION 10.** This act shall take effect and be in force from  
765 and after the date it is effectuated under Section 5 of the Voting  
766 Rights Act of 1965, as amended and extended.